

Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761114673809>



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 21 March 2016

Journal des débats (Hansard)

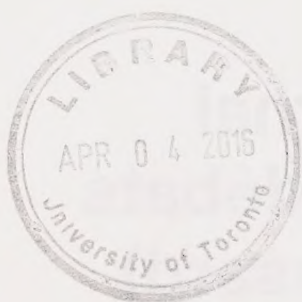
Lundi 21 mars 2016

Standing Committee on General Government

Committee business

Comité permanent des affaires gouvernementales

Travaux du comité



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 21 March 2016

Lundi 21 mars 2016

The committee met at 1401 in committee room 2.

COMMITTEE BUSINESS

The Chair (Mr. Grant Crack): Good afternoon, everyone. I'd like to call the Standing Committee on General Government to order.

We're here today as a result of request from Mr. Colle, a committee member, for me to call a meeting with respect to Bill 172, An Act respecting greenhouse gas.

Mr. Potts?

Mr. Arthur Potts: Thank you, Chair. I have movement—a movement?

Laughter.

Mr. Arthur Potts: I have a motion. I would like to move a motion respecting how to proceed with Bill 172.

Interjection: You're on record.

Mr. Arthur Potts: Yes, I'm on record. I'd like to expunge the record and start again, Chair.

I move that the committee consider the following method of proceeding on Bill 172, An Act respecting greenhouse gas—we've circulated a copy of the memo, but I'll read it into the record.

The Chair (Mr. Grant Crack): Yes, Mr. Potts.

Mr. Arthur Potts: (1) That the committee meet during its regularly scheduled times on Monday, April 4, 2016 and Wednesday, April 6, 2016, for the purpose of public hearings on Bill 172.

(2) That the Clerk of the Committee post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website, and on Canada NewsWire.

(3) That the deadline for requests to appear be 12 p.m. on Wednesday, March 30, 2016.

(4) That the Clerk of the Committee provide a list of all interested persons to the subcommittee following the deadline for requests.

(5) That the subcommittee member from each party, or their delegate, provide their selections of witnesses based on the list of interested persons received from the Clerk of the Committee by 6 p.m. on Thursday, March 31, 2016.

(6) That all witnesses be offered five minutes for presentation and nine minutes for questions, divided evenly by committee members on a rotation by caucus.

(7) That the deadline for written submissions be 6 p.m. on Wednesday, April 6, 2016.

(8) That amendments to Bill 172 be filed with the Clerk of the Committee by 3 p.m. on Thursday, April 7, 2016.

(9) That the committee meet for clause-by-clause consideration of Bill 172 on Monday, April 11, 2016, and Wednesday, April 13, 2016.

I'd like to move that.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion on the motion? Mr. Potts first.

Mr. Arthur Potts: Yes, I think that given the participation that we're seeing in a lot of committees—SCOFEA, for instance. You may know, Chair, that we had three days scheduled for budget considerations and there was only enough people who showed up for one. I think that two days give us more than enough opportunity for people from across the province to call in, to appear and to make written submissions on this very important piece of legislation.

There has been significant public outreach already and various opportunities to get people from the public to get involved in the bill. I think that would more than suffice, and it would allow us to move forward with regulations and be prepared to go to climate change auctions early next year.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts.

Mr. McDonnell or Ms. Thompson?

Ms. Lisa M. Thompson: Yes, I'll take it. Thank you very much.

While I appreciate the comments from our colleague from Beaches–East York, he specifically said that this is a “very important piece of legislation.” In that spirit, we don't want to be ramming it through, like other bills. I really think that if people are going to make the effort to prepare submissions and willingly come forward as a deputant, they deserve the respect and at least 10 minutes. To be fair, I think we can all agree in this room that Bill 172—and we've heard it described in this way by both the minister and the Premier—is very complex and it deserves a lot of time and reflection. To that end, in five minutes you won't even begin to get into the details of how cap-and-trade and the manner in which it's been defined by this government impacts stakeholders.

I would really ask everyone to sincerely reflect. Upon doing so, you would have to agree that five minutes will not cut it to do the proper job that's expected of us here at the Legislature.

The Chair (Mr. Grant Crack): Mr. McDonell, did you have something to add?

Mr. Jim McDonell: Yes, I agree. I've sat in committees where we've had 20 minutes to speak on issues that I think would affect the province much less than this will. You can imagine somebody coming all the way to Toronto from wherever, and five minutes is not enough to really get into the meat of the bill, let alone provide any meaningful discussion on it.

Really, this is ground-changing. I think the Premier and the minister said how important this is. We want to get it right, and I think, yes, if we need more than two days and we fill up, we don't cut everybody off at a few minutes and expect that we're going to really get the input that I hope this Legislature is looking for in enabling us to put a bill out at least as best as we can.

The Chair (Mr. Grant Crack): Mr. Tabuns?

Mr. Peter Tabuns: I don't have a problem with changing the presentation time. I'm open to suggestions from the opposition.

I was going to speak to another item here, Chair. Is that okay, or did you want to finish on this first?

The Chair (Mr. Grant Crack): There's been no amendment put forward or suggestion, so yes, feel free, Mr. Tabuns. The floor is yours.

Mr. Peter Tabuns: I move an amendment regarding point 2, and that's the posting of information: that advertisements also be placed in the Globe and Mail, the Toronto Star and L'Express.

The Chair (Mr. Grant Crack): Mr. Tabuns is moving a motion to amend the government motion to advertise in the Toronto Star and the—

Mr. Peter Tabuns: The Toronto Star, the Globe and Mail and L'Express.

The Chair (Mr. Grant Crack): Any further discussion on the amendment? Ms. Vernile.

Ms. Daiene Vernile: I would just like to add that as part of our ongoing conversation on climate change in Ontario, we have been listening already to many people in the province. We received 575 submissions from industry, environmental groups and people through email, mail and the Environmental Registry. We had four in-person group sessions with more than 150 stakeholders, we've had two webinars with more than 200 participants, we've had four meetings with First Nations and Métis representatives, and 15 sessions with specific sectors that are covering this program. So let's add that to the conversation: that we have been listening to many stakeholders and we continue to do so.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: With all due respect, I've been meeting with stakeholders on a regular basis. Most recently, reference has been made to the webinars—they've been described as a joke, and I think that stakeholders deserve due respect.

Therefore, I would like to propose an amendment extending witnesses the opportunity for a 10-minute presentation and, depending on demand, up to a maximum of three days.

The Chair (Mr. Grant Crack): Okay, thank you very much, Ms. Thompson. We can have some discussions on that; however, Mr. Tabuns did move a motion to advertise. Maybe we could deal with that first, and then I will entertain that.

As we continue, the Clerk is just going to go and get the exact wording that Mr. Tabuns would like in his amendment. Also, Ms. Thompson and I believe Ms. Vernile—was it Ms. Vernile who had her hand up? Sorry, Mr. Potts.

Mr. Arthur Potts: Thank you, Chair. I would actually like to ask the Clerk about what the protocol is for who we choose to advertise in on a regular basis, whether it's rotating through the major dailies of the province or whatever. I'm not quite sure why we're selecting those specific three, but I think we'd be quite comfortable to give it wider latitude, if that would help bring attendance in. We have had, as I say, lots of outreach already, and so maybe it would be useful for some public advertising. Maybe the Clerk could comment on how we normally—what's the protocol for who we use, do we have advertisers of record, etc.?

1410

The Chair (Mr. Grant Crack): Madam Clerk, if you would be so kind as to explain the privilege of the committee and its options with regard to advertising.

The Clerk of the Committee (Ms. Sylwia Przewziecki): Generally, these decisions are at the discretion of the particular committee. Depending on the nature or the subject matter of the item of business under review, the committee might feel that different papers or papers in different regions are more appropriate. It really is a decision that the committee has made and can make. Our office or the staff here doesn't provide any recommendations.

The Chair (Mr. Grant Crack): Any further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I support the motion. I think that putting it in some daily newspapers is a great idea. I'd also add the National Post to that, but as I said, we've heard over and over again how important this legislation is. We want to make sure that people are aware that it's going through and to give them a chance to come back and relay issues they may see with the bill. I certainly think the idea of some newspapers to be very important.

The Chair (Mr. Grant Crack): Mr. Tabuns has moved an amendment to number 2 to add inclusion for advertising in the Toronto Star, the Globe and Mail and the Toronto L'Express, which is the francophone Toronto paper. Any final discussion on this particular motion? Mr. Potts.

Mr. Arthur Potts: Yes, I think that as long as we clarify this as the Globe and Mail Ontario edition—we're not advertising nationally—Toronto, Ontario, national edition. The National Post was a consideration, but I don't think it's necessary to go to all of the major dailies. Let's look after a bit of taxpayer money here as well.

The Chair (Mr. Grant Crack): So it's the Globe and Mail Ontario, if that's possible to do.

Mr. Peter Tabuns: I have no problem with the National Post.

Mr. Arthur Potts: Okay, fine, the National Post as well.

The Chair (Mr. Grant Crack): And the National Post as well? Mr. Tabuns, are you moving to include the Toronto Star?

Mr. Peter Tabuns: I take as a friendly amendment the suggestion from my colleague.

The Chair (Mr. Grant Crack): We're going to deal with Mr. Tabuns's amendment. The original amendment that Mr. Tabuns had put forward was for the three. There has been an amendment to the amendment, which is adding the National Post. We'll deal with the National Post, which is the amendment to the amendment. Is there any further discussion on the amendment to the amendment?

Mr. Peter Tabuns: No.

The Chair (Mr. Grant Crack): Does everybody understand? Yes? Okay.

Who moved the National Post? I believe it was Mr. McDonell. We have an amendment to the amendment moved by Mr. McDonell to include the National Post in the original amendment, which we all know. Any further discussion?

Interjection.

Mr. Peter Tabuns: Nothing is ever simple, Mr. Chair.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns.

We had an amendment to the amendment. The original amendment is that Mr. Tabuns wanted to add to number 2, which was the original motion put forward by Mr. Potts, to include advertising in the Toronto Star, the Globe and Mail and Toronto L'Express. Then we had another amendment as well to post an ad in the Globe and Mail.

Mr. Peter Tabuns: The National Post.

The Chair (Mr. Grant Crack): Sorry; the National Post. Right. We're going to deal with the amendment to the amendment, which was including the National Post in the original amendment. Is there any further discussion on including the National Post?

Those in favour of adding—this is an amendment—the National Post to the original amendment? The amendment to the amendment is carried.

We'll go back now to the original amendment, which will now include the National Post—that the following be added to the end of point 2: “as well as post an ad in the Toronto Star, the Globe and Mail, Ontario edition, the Toronto L'Express and the National Post.” Any further discussion on that?

Ms. Lisa M. Thompson: On that one? No.

The Chair (Mr. Grant Crack): Those in favour? There are none opposed, so the motion is carried. The amendment to number 2 of the original motion put forward by Mr. Potts is carried.

We'll add a subsequent amendment by Ms. Thompson requesting that we make an amendment to number 6: instead of a five-minute presentation, we make it a 10-

minute presentation by each, and also to add an extra day.

Ms. Lisa M. Thompson: Thinking about it, I'm probably going to make it into two separate amendments.

The Chair (Mr. Grant Crack): Let's do that, then. The original amendment that I had heard was the first one, making the presentation 10 minutes. Is there any further discussion on amending number 6 to 10 minutes? Mr. Potts.

Mr. Arthur Potts: I'm quite content to go with the 10 minutes. In my experience, what I'm seeing is that we're not going to have the fill-up. We can extend it—it will mean fewer people—but our timelines are such that I believe we need to move forward. So I'll support the first part, to go to 10 minutes—but you'll have to understand that it may mean fewer people coming—and not for the second, to add an extra day.

Ms. Lisa M. Thompson: Thank you for that. We'll deal with the first amendment, extending the presentations to 10 minutes.

The Chair (Mr. Grant Crack): Okay. Any further discussion on the amendment by Ms. Thompson to extend presentations, as outlined in number 6, to 10 minutes as opposed to five minutes? No further discussion? I shall call the vote. Those in favour of the amendment? There are none opposed. I declare the amendment to increase the presentation time from five to 10 minutes is carried.

Are there any further amendments coming forward? I know there was some discussion. Mr. McDonell.

Mr. Jim McDonell: Sure. I would like to see that if we have enough that it more than fills up the first two days, we go to a third day. We are early compared to the other provinces, and certainly much earlier than our neighbours to the south. An extra day might mean an extra half week. It would not be the end of the world for getting this through. If we have more than the two days of deputations, just add another day. It shouldn't be a big deal, and really, the committee should be intent on hearing from the stakeholders.

They might have done some discussion before the bill, but once the bill is seen, once this thing is in writing, stakeholders can come out and try to look at it and point out some of the issues they may have or some of the issues they may agree with in the bill. I think that's important, as we are keen on getting the legislation right. It will have a big impact on Ontarians for many years going ahead, and we want to make sure it works.

The Chair (Mr. Grant Crack): Thank you. Ms. Thompson.

Ms. Lisa M. Thompson: Further to what my colleague has mentioned—all very good points—I just want to share that the government has been working on this since 2009, and stakeholders are just getting their teeth and their minds nicely around this. Reflecting back to the winter of 2015, I attended four of the consultations held with regard to climate change. The direction that the government has chosen to take is in absolute contrast to the favourable approach that I heard many people

advocate for. I think they deserve a chance, if they choose to, to come back. I'd be surprised if the three days weren't jammed. I think many people will want to have a chance to have their voice heard with regard to why they feel cap-and-trade may not be the best choice for Ontarians on a go-forward basis.

Further to that, we need to hear from stakeholders who are trying to get their heads around Bill 172 specifically, ruminating on it. They deserve a chance to share, not only with government but with the third party and ourselves in opposition, how they feel about the roll-out of this cap-and-trade scheme.

We're talking about two different types of stakeholders who deserve to have their voices heard. I think three days could possibly fill up very easily.

The Chair (Mr. Grant Crack): Thank you, Ms. Thompson. Any further discussion? Mr. Potts.

1420

Mr. Arthur Potts: I'm not hearing a proposal of a third day; I'm just hearing "a third day." Are you thinking of a specific day, first off? Second off, as I said previously, the timelines are tight enough as they are. People are going to have a lot of opportunity to comment on the regulations as they're posted to the EBR and an opportunity to comment on issues as they come forward with the cap-and-trade strategy, as the minister is reporting on how to use proceeds.

I think there will be other additional opportunities to comment. I'm sort of firm that we have to go on this week, the Monday and the Wednesday, and limit the discussion to those two days so we can proceed expeditiously.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Mr. Tabuns.

Mr. Peter Tabuns: Mr. Chair, it occurs to me that there is a fair amount of validity in what is being said by the opposition. I understand the concern about timelines. We have, in the past, allowed for evening sittings from 7 to 9 p.m. on that Monday and that Wednesday, so we could get in an extra four hours of hearings, should there be the demand for it. I don't know how the opposition feels about that; I don't know how the government feels about it. But giving the Chair the power to extend the hearings into those two evenings would give us an extra four hours, should there be the demand.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Tabuns. I just want to remind members of the committee that that is a possibility. However, the request would have to be made through the Chair to the House to get approval to extend the hours of this particular committee past 6 o'clock, as we are under the standing orders of the House.

Ms. Lisa M. Thompson: Chair, if I may, another comment.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I can't help but reflect on something that we heard, citing the EBR as another chance to share comments. Quite frankly, if you were to ask anyone impacted by industrial wind turbines or any

other issues—even the minister himself has said that the EBR isn't perfect; it's not working 100%. I know that people impacted by industrial wind turbines think their voice isn't heard at all through that vehicle.

I don't hold a lot of faith in the EBR at this time because of that. It's just another reason why we should be considering opening up to a maximum of three days. The online vehicle, paraphrasing the minister, isn't working as it should.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: Just to clarify something: We are now meeting for four hours on Mondays and two hours on Wednesdays. We aren't allowed to step out of that time frame without permission back in the House?

The Chair (Mr. Grant Crack): That is correct.

Mr. Jim McDonell: Okay. But we could go an extra day without permission?

The Chair (Mr. Grant Crack): As long as it fits within the allotted schedule that the committee sits currently.

Mr. Jim McDonell: As Mr. Potts said, this may not fill up and it may be a moot question—but it may be the opposite. I think that if we have people who would like to speak—and I've heard numerous times now how important and how ground-breaking this legislation is—I'm not sure the deadlines are that critical. We haven't even heard the budget from the federal government this week, and we certainly know that the other provinces aren't at this stage. There is some talk about being in lockstep with the other provinces. I'm not sure whether a month, let alone a day—and that's what we're talking about here. We're talking about moving ahead in a short period and hearing from people who, for one reason or another, have to work with this for many years to come. We just want to make sure we get it right and have at least as much of the information back to this government as possible.

I'm not sure what the issue is with it. If we don't get enough that we can fill in those time frames, that's great; it goes back to two. But if we get enough—we may exceed three, but we're saying that that's fine. We'll go with the three as the maximum.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Thompson.

Ms. Lisa M. Thompson: And I'm sure the friends across the room all embrace the need for democracy to allow people's voices to be heard. Let's just keep the option open in support of the democratic process that we should be honouring here in Ontario.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm encouraged by the fact that people will be able to submit if it is over-subscribed. We will hear from a broad range of stakeholders, and there will be opportunities for people to have written submissions. In terms of the timelines, there are other pieces of legislation that are begging to come through this committee. We've got an ambitious agenda. So we'll

stick to the two days. That would be my recommendation to our caucus members.

The Chair (Mr. Grant Crack): Okay, thank you. Just for information purposes: According to the motion that Mr. Potts has put forward, there would be 18 time-slots available for presentations, at 10 minutes each. Right now, we have 10 requests. I just wanted that information to be provided to the committee. I imagine that, once we advertise, things could possibly change.

Ms. Ann Hoggarth: Just for clarification: If it was still five minutes, there would be 36 slots available.

Mr. Arthur Potts: No, no, not quite. It's not double because you've still got your three minutes of comments.

The Chair (Mr. Grant Crack): Yes. It's 24.

Ms. Lisa M. Thompson: Once we advertise, it would easily fill.

The Chair (Mr. Grant Crack): Any further discussion on—well, there has not been a motion actually put forward at this point; it has just been discussion.

Mr. McDonell?

Mr. Jim McDonell: Oh, I thought I had proposed an amendment for a third day.

The Chair (Mr. Grant Crack): Okay. Mr. McDonell is proposing an amendment which would be to extend the public hearings an extra day—

Mr. Jim McDonell: If required.

The Chair (Mr. Grant Crack): —if required. Any further discussion on that? If that does happen, it makes the original motion obsolete, because then you're overriding a number of the other provisions and timelines that are in the original motion. Any further discussion?

The way that this stands, this is an amendment that would have ramifications on the original motion. If the amendment passes, then we're going to have to revisit the original motion and I would call that out of order because it has been superseded by a decision of the committee.

What we're going to do here, and it does make sense—we've asked for two days of public hearings, which would be—where are the dates?—the 4th and 6th. So if we were to have an extra day of public hearings, that would be which date?

Ms. Lisa M. Thompson: Monday the 11th.

The Chair (Mr. Grant Crack): Monday the 11th is correct.

So your motion would read, "That the committee meet during its regularly scheduled times on Monday, April 4, 2016, Wednesday, April 6, 2016, and Monday, April 11, 2016, for the purpose of public hearings on Bill 172." That is, I believe, what you're asking. Okay, that's fair enough?

We're going to deal with the amendment that was put forward by Mr. McDonell to extend, as I just indicated, to three days, instead of two, of public hearings.

Mr. Jim McDonell: A recorded vote.

Ayes

McDonell, Tabuns, Thompson.

Nays

Dickson, Hoggarth, Kiwala, Potts, Vernile.

The Chair (Mr. Grant Crack): I declare the amendment to the original motion, to extend for an extra day of public hearings, defeated.

We shall move back to the original motion, as proposed by Mr. Potts, which has had two amendments accepted. One was to increase the scope of advertising, and as well to extend the presentations of the delegations coming forward, from five to 10 minutes.

Is there any further discussion on the motion, as amended? No further discussion? Then I shall call for a vote on the original motion, as amended twice. Those in favour? Those opposed? I declare the motion, as amended, carried.

I don't believe there's any further business, except that I would like to remind members of the committee, as the Clerk continually asks me to remind you all, that there is Bill 30 still on the order paper, which we've actually gone through the process of public hearings on. The next step would be clause-by-clause. I sit here as Chair and await direction from members of the committee.

There is no further business today. I thank you all for your patience and wish you a wonderful afternoon and evening. This meeting is adjourned.

The committee adjourned at 1431.

CONTENTS

Monday 21 March 2016

Committee business.....G-877

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Joe Dickson (Ajax–Pickering L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mr. Joe Dickson (Ajax–Pickering L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Sophie Kiwala (Kingston and the Islands / Kingston et les Îles L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Arthur Potts (Beaches–East York L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Ms. Daiene Vernile (Kitchener Centre / Kitchener-Centre L)

Clerk / Greffière

Ms. Sylwia Przedziecki

Staff / Personnel

Mr. Jerry Richmond, research officer,
Research Services

G-43



G-43

ISSN 1180-5218

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 4 April 2016

Journal des débats (Hansard)

Lundi 4 avril 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre
en carbone



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 4 April 2016

Lundi 4 avril 2016

*The committee met at 1403 in committee room 2.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good afternoon, everyone. I'd like to call the meeting to order. This is the Standing Committee on General Government. This afternoon, we're here to hear the public presentations on Bill 172, An Act respecting greenhouse gas.

As well, just for information for the committee, I'm sure you all remember that on the 21st of March, it was agreed that we would have presentations of 10 minutes, followed by up to nine minutes of questioning, which is a small change from the normal process that we use here.

I don't believe there would be any questions or comments at this time.

ENVIRONMENTAL DEFENCE

The Chair (Mr. Grant Crack): I would be more than happy, on behalf of the committee, to welcome, from Environmental Defence, Mr. Keith Brooks with us this afternoon. He is the director of the Clean Economy Program.

Welcome, sir. You have 10 minutes.

Mr. Keith Brooks: Thank you for having me. I'm Keith Brooks. I'm with Environmental Defence, and I'm the director of our Clean Economy Program. I'll be sharing some of our thoughts on Bill 172. I'll add that a lot of the points I'm making today will also be found in a written submission that the Clean Economy Alliance will be making to this committee, as well. The alliance is an organization, now 90 members large, reflecting a very broad cross-section of folks in Ontario—representatives from businesses, industry associations, labour unions, farmers' groups, health advocates and environmental organizations.

In general, the alliance and Environmental Defence are both very supportive of the Ontario government's

commitment to develop and implement a climate change strategy and to move forward with a cap-and-trade program. It's our opinion and belief that reducing emissions will bring many benefits, including cleaner air, improved public health, more jobs and business opportunities. Many of my comments today will focus on some aspects of the bill that we believe need to be strengthened, but I wanted to be clear that, on the whole, we believe this is a very sound approach to tackling climate change and we're glad to see Ontario pursuing this course.

Among other things, we'd like to see that the act enshrines Ontario's climate change reduction targets into law. We think these are very good targets, and it's good to have them put into law. I'm glad to see that those targets cannot be raised without opening up that act.

We're also glad to see that the cap is going to be set with reference to the targets and glad to see, again, that the revenue raised from the auction of permits is going to be put back towards reducing emissions.

At Environmental Defence, we understand the need for there to be some free permits in the system to address issues around competitiveness and what's called leakage, but we're concerned with the number of free permits that the province is intending to issue under this act right here. We'll have some more detailed comments about that in the future and around the regulations that will be passed under this act, as well. In general, though, we would support that free permits need to be put out there, but they need to be targeted, transitional and temporary. These don't appear to be of that variety.

With respect to this act, there's a reference that these free permits are to be a transitional measure, and I think that some more specificity around what that transition might look like and when we might expect it to proceed would be very helpful for understanding that transition, not only for the environmental aspects, but also for businesses and everybody else concerned with the carbon market that this act will create.

As I said, we're very happy to see that the province has committed to reinvesting the proceeds back into climate action. It's our belief that these revenues will be critical to fighting climate change. In fact, the alliance that I spoke of earlier took a very firm position on the matter and was very much in favour of the fact that the system be revenue-positive and that the monies be put back in toward reducing emissions. That is because a number of complementary actions and policies will need

to be taken in order for Ontario to meet its 2020, 2030 and 2050 carbon reduction targets.

Polling also shows greater public support for cap-and-trade when the revenue is reinvested wisely into cutting carbon. We also know that if that money is spent well, not only can it reduce emissions, but it can also return economic benefits to the people of Ontario. Similar programs in the States where they've reinvested money into efficiency, for example, have returned net economic benefits, created jobs etc.

But we do have a few concerns with how that fund is structured right now. In particular, we noted that the previous Greenhouse Gas Reduction Account was a special-purpose account under the Environmental Protection Act, but the account in this act is not a special-purpose account. We have some questions as to why that was changed and why this account is part of general accounts, rather than a special-purpose account.

It's our very firm belief that the revenues must be used wisely and transparently on carbon reduction if we hope to hit those targets and if we hope to sustain public support in the cap-and-trade program over the long term. We think that a special-purpose account would better guarantee that that would be the case.

We would also support some of the language to be tightened up concerning the use of some of the revenues in that Greenhouse Gas Reduction Account. For example, the bill now says that "amounts not exceeding the balance" could be charged to the account; we would prefer to see the bill say that it would be "amounts equal to the balance." California, I believe, has some money sitting in their cap-and-trade account that they haven't spent back out. We'd like some guarantees that Ontario will reinvest that money in a timely manner.

We also believe that some of the language concerning the use of proceeds could use some strengthening. The language in the act right now says that it can be spent on initiatives that are "reasonably likely to reduce, or support the reduction of, greenhouse gas and costs relating to any other initiatives that are reasonably likely to do so." We think that this leaves it potentially open to not always making the best decisions on that. Things that could reasonably support greenhouse gas emissions could be quite a broad list of things.

We would prefer that the act stipulate that the proceeds be used to fund or reimburse costs for things that are directly incurred in connection to initiatives that have a measurable carbon reduction impact.

In addition, we'd like the act to stipulate that these are for new initiatives that are not yet funded and not yet committed to by the province of Ontario. We noted that the Financial Accountability Office recently questioned as to whether or not the act was going to stipulate that the funds were going toward new endeavours. We think that, given the trajectory we're on right now, we need new funding to produce new initiatives to lead to new reductions and would strongly encourage the act to specify that this is for initiatives and expenses incurred after January 1, 2017, once the cap-and-trade program is up and running.

As a general comment, as well, we'd like to see more information publicly disclosed about the use of the funds. The requirements for an annual report are good, but the report needs more detail and it should include some projections of emissions reductions as a result of initiatives, a timeline of when the reductions are expected to be achieved, a per-dollar assessment of the costs of reducing emissions via that initiative, and also some other concerns; for example health, safety, environmental and socio-economic impacts of the various initiatives.

1410

I'd also add that we would support the creation of a multi-year cap-and-trade reinvestment program. Quebec has a three-year plan to guide the disbursement of their revenues, and that's an approach that Ontario might want to follow as well.

We also have some questions about the fact that the Treasury Board is ultimately the decision-maker on how that money is spent. We know the Treasury Board is an important body, of course, but they may lack the expertise needed to guide decision-making around investing in climate change mitigation. Our preference would be for an independent body to oversee these monies, but at the very least we encourage the province to embrace a very high degree of transparency concerning the disbursement of funds and the decisions made around the use of that money.

We note that the act requires the Ministry of the Environment and Climate Change to make a report to Treasury Board, but the requirements concerning the contents of the report could use a little bit of work still. For example, the act lists a number of things the minister "may" consider in making that report. We would think that that should be strengthened to say that the minister "shall" consider these things. We would also add that that report that the minister makes to Treasury Board would be a report that the public would enjoy seeing as well.

We note that there is a requirement for a public annual report, but the contents of that report are not the same as the report to Treasury Board, and we think that those two reports should be the same. The public needs to understand the rationale for the projects that have been funded and the options that were put before Treasury Board, and understand how it is that they arrive at their decisions.

We would also suggest that the annual report should show, ultimately, what actions were funded from the list of endeavours in the report the minister makes to Treasury Board so that the public can understand the rationale for what was done.

As a final point, we would suggest that the Environmental Commissioner should have a role in overseeing this act and in particular the revenues and the greenhouse gas account and the auctions etc. The Environmental Commissioner has the requisite expertise to report on this file and would be an appropriate body to handle this. We know that there are lots of other auditors in Ontario who keep track of a lot of things, but we just question as to whether or not they have the right expertise to be managing or assessing projects and initiatives that are intended to reduce emissions.

I'll conclude just by saying thank you very much for having me present to you today. I want to reiterate that although some of these comments have been critical, we're very supportive of this approach to fighting climate change. We're very, very happy to see Ontario going forward down this path and happy with many aspects of the act, including the fact that it's comprehensive in nature.

I can take any questions from you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Brooks. We appreciate it.

It's within the time limit, so we'll start with the official opposition, Mr. McDonell. Three minutes.

Mr. Jim McDonell: Thank you for coming out today. I understand that previously you argued against energy-intensive and trade-exposed industries to be excluded in the first round. What would the impact of these industries be by moving them to be included off the start?

Mr. Kevin Brooks: We've always argued that the legislation should cover as many emissions in Ontario as is possible, but we did understand that there is a need, sometimes, for there to be free permits to deal with companies that are energy-intensive and trade-exposed and have a high leakage risk.

The issue, however, is that not all companies are necessarily trade-exposed and energy-intensive. So we've always suggested that it should be a small share of companies that receive these permits, and they should receive permits based on an assessment that has been made as to the legitimate risk around trade exposure. But we've never said that those companies should not be covered and we are very happy to see that they are covered.

Mr. Jim McDonell: I guess we see us moving ahead of our neighbours to the south and that concerns us that it will lead to the uncompetitive cost that really, as we've seen over the last 12 years, have driven a lot of our companies out of this province and out of this country in some cases. Do you see that not being an issue, or would we not be better off to work with our neighbours and come up with a comprehensive plan that would entice or include at least the three big economies of the US, Canada and Mexico?

Mr. Kevin Brooks: Well, I think we are working with our neighbours: California and Quebec, for example, and Manitoba now as well. There are lots of discussions happening with other US states. Of course, we have a national federal conversation between our Prime Minister and the President of the United States, and conversations as well, I gather, with Mexico about also joining a cap-and-trade system.

It's our opinion that the impacts of this cap-and-trade system will be very minimal, in fact, upon businesses' bottom line, because at \$18 a tonne, it's just not going to be that significant. It's not a high price. We've looked at it and it would be about 1% or 2% perhaps, probably less than that. That's a very small fraction of cost. By comparison, the dollar, for example, has moved by 30 cents—by 30%, in fact—over the last many years. The

fact that the dollar is low is in our favour on this one and is helping the competitiveness of companies, and cap-and-trade will have a marginal impact in comparison to things like that.

Mr. Jim McDonell: But we're not really moving with our neighbours. Sure, California is a distant neighbour, but when you look at the states that we're actually competing with for our industries—Michigan, Ohio, New York state—these are industries that are taking away our manufacturing. Of course, we don't see them moving ahead and, if we were, we would have a much more efficient process if we were to work with them to have something that was similar so it didn't really matter where you were situated. I know that our dollar has dropped, but of course we all know what happened when the dollar was at par; it just accelerated the amount of gap—

Mr. Keith Brooks: I'm sure you'll hear from businesses today—

The Chair (Mr. Grant Crack): Quickly.

Mr. Keith Brooks: —and I think most of them will tell you that they, in fact, support the province in taking this action to deal with emissions. Many businesses that are involved in the alliance, even some of them that are energy-intensive and trade-exposed, have said that they support Ontario in doing this. That's their view. But they're better able to speak of that than I am.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Tabuns?

Mr. Peter Tabuns: Thank you, Chair, and thank you very much, Mr. Brooks, for being here today. You noted at the beginning that your remarks reflect those that will be presented later by the Canadians for Clean Prosperity—

Mr. Keith Brooks: No, sorry. The Clean Economy Alliance.

Mr. Peter Tabuns: The Clean Economy Alliance.

Could we have a copy of your remarks? You have a lot of substance in there that would be useful.

Mr. Keith Brooks: These are a bit rough, that's all, so I just want to put a bit of polish on them, but I will send them in to you, for sure.

Mr. Peter Tabuns: Since we have to put our amendments in this week, the sooner you send them in, the better.

Mr. Keith Brooks: Yes.

Mr. Peter Tabuns: The question of structuring transition away from free permits: Have you thought about how that structure could be set up?

Mr. Keith Brooks: I think other jurisdictions gave an indication of how the free permits were going to diminish over time for the different leakage categories that they had assessed. Ontario, of course, did categorize the companies into high, medium and low leakage risk, which is a factor of energy intensity and trade exposure. Giving some sense of how those permits are going to be withdrawn for those different categories would make sense. California said that in subsequent compliance periods medium-leakage companies are only going to get

80% of free permits, or 75%, and low leakage risk will only get 50%. Something like that would give a sense of how the province intends to go forward on this.

We would also suggest that they might be inclined to work with the federal government around some measures that might be able to be put in at the national level to deal with any implications with trade law and how we can protect domestic industries etc.

Mr. Peter Tabuns: You also spoke about the language with regard to investment of the Greenhouse Gas Reduction Account funds, talking about investment in projects that would reduce greenhouse gas emissions or were reasonably likely to reduce greenhouse gas emissions. I fall in your camp: I think that they should be spent directly on carbon reduction. Where's the cut-off, in your mind? For instance, the minister has been very committed to putting money into setting up charging stations for electric vehicles. The calculation of the reduction would be pretty difficult at this stage. Do you have a sense of how you would split between direct and longer-term carbon reduction of investments?

Mr. Keith Brooks: I don't have a specific suggestion for you today, but that's why we would suggest creating a long-term investment plan. It would help guide that decision-making and help split priorities between near-term and longer-term initiatives that should be supported. We think that there should be a high degree of transparency around all of these matters and a lot of evidence to support the decisions that are made. We can assess these things as we go in a kind of iterative manner.

Mr. Peter Tabuns: You had also noted that the funds that are collected should only be spent on projects that start after January 1, 2017.

Mr. Keith Brooks: Yes.

Mr. Peter Tabuns: Is there a particular reason you wouldn't include 2016, for instance?

Mr. Keith Brooks: This fund is to capture monies that are raised through the cap-and-trade system, and that system does not start until January 1, 2017. So it's really speaking about things on a go-forward basis. The important point is that this is funding new initiatives that have not yet been announced. We know that the initiatives that have been announced to date will not put this province on track to meet the targets, so the money needs to be new and leading to new reductions.

1420

The Chair (Mr. Grant Crack): Thank you very much. I appreciate it.

We'll move to the government side. Mr. Potts?

Mr. Arthur Potts: Thank you very much for being here. I appreciate your advocacy in this field over the years, and your association's.

I, too, am very interested in the notion we talked about, of projects that have not previously been announced. What is in the works now that you are very supportive of that will reduce greenhouse gas emissions, and what do you think we should be looking for down the road?

Mr. Keith Brooks: The province's investment in building transit will obviously have some impacts on

greenhouse gas emissions reductions, but we know that's a very expensive endeavour. While we support it, we would not like to see a lot of the cap-and-trade money go towards transit projects that have already been announced and are already in the plan.

Mr. Arthur Potts: You talk about Treasury Board overview. I think that's very important—the notion that you're not convinced that they have the expertise and the authority. The reality is, the Treasury Board is the sign-off, but they're taking direction and recommendations from the ministry, who are experts in the field and who put the programs forward, with the review of caucus and such like that. Would that not give you the confidence that the projects that were being put forward under the climate action plan would be ones that would meet the tests?

Mr. Keith Brooks: I think that could give the confidence, yes. That's the point I was trying to make. We don't think the Treasury Board has that expertise, but if Treasury Board is going to be tasked with disbursing those funds, they need to have good information in front of them.

Also, I think the public needs to understand the decisions that are ultimately made by Treasury Board, in terms of what to fund.

An example: In California, they have the California Air Resources Board, which is seen to be a very credible organization. It has the requisite expertise on there. They make a report to the financial administrator in California, as well, about the disbursement of funds. We think that looks like a system that works well, and we would encourage Ontario to do something similar to that.

Make sure that there is a lot of evidence going into supporting what should and should not be funded, and that there's lot of transparency and clarity, both on the possibilities put before Treasury Board, and also on the decisions that were arrived at by Treasury Board, based on the evidence they had.

Mr. Arthur Potts: There are those who are talking about the fairness piece in climate change. There are some communities that are going to be hit disproportionately hard by an increase in fuel costs, for instance, and some would advocate that we should take some of the funds and just cut cheques to offset increased gas prices. Would that be a climate change use of proceeds that you'd like to see?

Mr. Keith Brooks: We're definitely cautious of the impacts that could be felt unevenly, especially to low-income communities and to workers who might be affected by the transition etc., but we wouldn't necessarily like to see direct relief from the costs of carbon. For one, we don't think the costs are that high. It's not a lot of money.

Regardless, we think that monies could be better invested in helping people transition to this low-carbon economy that we're trying to go toward. The same principle applies to industry and businesses, in fact. Instead of giving people relief from the carbon price, give them help complying with it. Give them help in reducing

energy use and energy costs, and reducing emissions. That's a better way to drive more change and to help deal with that issue.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate you coming before our committee, Mr. Brooks. Have a great afternoon.

ONTARIO ENERGY ASSOCIATION

The Chair (Mr. Grant Crack): Next, from the Ontario Energy Association, we have the president and chief executive officer, Mr. Huggard; and vice-president of ICF International, Mr. Rotherham. We welcome you both, gentlemen. You have 10 minutes.

Mr. Bob Huggard: Good afternoon. Thank you for allowing the Ontario Energy Association to present our positions on Bill 172 to you today. I'm Bob Huggard, the president and CEO of the OEA. I'm joined by Duncan Rotherham, our technical expert, who is the vice-president of ICF International.

As many of you know, the OEA is an advocacy association that represents Ontario's electricity and natural gas industries. We have a diverse membership and represent Ontario's energy leaders that span the full diversity of the energy industry. OEA members have come together to provide our collective advice to the government regarding Bill 172 so that our diverse and expansive industry experience and expertise can be utilized to improve, clarify and strengthen the functioning of Ontario's cap-and-trade program.

Bill 172 marks an important moment for Ontario as the province works to address and mitigate climate change and to continue the province's transition to a low-carbon economy.

The OEA endorses the purpose of Bill 172 and believes that industry, and indeed every Ontarian, has a role to play in addressing climate change.

We are here today to provide you with recommendations that will facilitate the smooth rollout of the cap-and-trade program and ensure that the program meets the government's primary objective of reducing greenhouse gas emissions.

Our first recommendation is about making sure that cap-and-trade revenues are used for the right purposes. In principle, the OEA endorses Ontario joining the Western Climate Initiative, or WCI, but we also need to be sure that participating in a broader cap-and-trade market meets one of the key purposes of the program, which is to assist Ontarians to transition to a low-carbon economy.

Our concern arises because the California 2018 to 2020 carbon market appears to have ample allowances available for auction, but the Ontario market will likely be intrinsically short on allowances. Ontario businesses would therefore be buying carbon allowances from California, thus increasing the likelihood of a transfer of wealth from Ontario to California. Quite simply, this transfer of funds to California would mean less money available for reinvestment in Ontario's transition to a low-carbon economy.

To mitigate this potential problem, the OEA suggests that the government negotiate arrangements so that some or all of the monies paid to other WCI members be returned to Ontario for domestic reinvestment to the Greenhouse Gas Reduction Account.

On a similar note, the government must ensure that the administration and enforcement expenditures that will be recovered from the cap-and-trade revenues are minimized and do not result in inappropriate cost shifting from ministry budgets to the Greenhouse Gas Reduction Account.

Our second recommendation is about timelines. The OEA recommends that specific timelines be published for key components of the cap-and-trade program. In order for industry to effectively participate in the cap-and-trade program, government must provide context, modelling and analytics related to the market. Participants need these important details in order to effectively engage with the cap-and-trade program. In the bill's current form, there is no commitment to providing key content with specific timelines. We therefore recommend the following timelines be adopted so the OEA members can align their efforts with the province's plans.

First, the public notice of the baseline 1990 calculation amount should be made available to the public no later than six months before the start of a compliance period. Second, the action plan should be laid before the assembly no later than six months before the start of a compliance period. Lastly, the GGRA annual report should be released by March 31 following the prior fiscal year, beginning in March 2018 for vintage year 2017.

Getting these timelines in place will give industry the concrete information it needs to prepare for the launch of the cap-and-trade program.

Our third recommendation is that there must be adequate allowance available for fuel distributors to access. Specifically, in the event Ontario does not join the WCI or is delayed in joining, it is unclear that fuel distribution companies will have access to enough allowances at auction to meet their compliance obligations. Fuel distributors are only able to influence customer behaviour by passing through the cost of purchasing allowances. Unlike industrial emitters, your natural gas distributor can't just shut off supply to your home if it is unable to obtain enough allowances to cover the emissions from your furnace or your hot water tank. Without adequate allowances, the fuel distributors will be placed under significant pressure from their customers. Fuel distributors need to be able to buy allowances and then pass those costs on to customers if we want to see behavioural changes.

The same dynamic is true of electricity generators. Charging the price of carbon to end-use consumers is the primary means of modifying their behaviour. However, some of the older electricity generation contracts do not allow generators to recover cap-and-trade costs from consumers. Without that pricing, though, little behaviour modification can be expected. It is therefore of the utmost importance that the ministry work with the IESO

and the Ontario Electricity Financial Corp. to ensure that all electricity generation contracts allow for recovery of cap-and-trade compliance costs.

1430

Our fourth recommendation is made in the same vein as our first one. When it comes to offsets, we need to ensure that offset-related emission reduction credits are Ontario-centric in order to meet the stated purpose of Bill 172 and avoid a transfer of wealth outside Ontario. Paying for offsets created outside Ontario will not result in the deployment of capital to our local green economy, nor will it reduce emissions in Ontario.

The OEA would like the opportunity to engage with government on developing offset regulations with the goal of maximizing economic benefits for Ontario, and ensuring material offset supply, in order to maximize emissions reductions in areas of the economy not directly covered by cap and trade.

Last, the OEA recommends that government recognize the benefits of combined heat and power, or CHP, and ensure that cap-and-trade rules enable continued growth of combined heat and power systems. CHP, when designed well, is an efficient use of natural gas to generate both electricity and usable heat or steam at the same time. Integrated cogeneration has been identified as an integral component of the LDCs' plans to meet their assigned conservation and demand management, or CDM, targets.

For years, Ontario has been providing incentives to implement cogeneration, due to its net benefit to the provincial electricity grid and total provincial emissions. CHP, as a key component of many electricity LDCs' CDM plans, has already been approved by the IESO and is in the process of being implemented.

Unfortunately, the proposed treatment of CHP facilities under cap-and-trade would make many of the planned projects less feasible and, in some instances, uneconomical. The OEA has worked with the government to provide ongoing counsel on the effective use of CHP. The current cap-and-trade program, as structured, puts the implementation of CHP and the success of many electric LDCs' conservation plans at significant risk.

The OEA therefore recommends that government reconsider how CHP will be addressed under the cap-and-trade program to help ensure that CHP can continue to serve as an electricity conservation tool that, owing to its inherent efficiency, also reduces total natural gas consumption. In the alternative, the government should direct the Ontario Energy Board and the Independent Electricity System Operator to take such measures as are necessary and sufficient to put the LDCs in the positions they would have been in, but for this change in the government's CHP policy.

In closing, I'd like to reiterate that the OEA supports the purpose of Bill 172 and believes that our five key recommendations will bring the cap-and-trade program even closer to meeting its objectives within Ontario's broader climate change strategy. Our recommendations are both feasible and necessary, given the scope, mandate and objectives of Bill 172.

The important considerations that we have raised here will ensure that industry and the public have confidence in the process and confidence in the overall outcome. As Ontario's energy voice, we will continue our advocacy for our members in order to present a responsible, effective and efficient process and plan for Ontario's cap-and-trade program. Cap-and-trade has tremendous potential, but it must be done right. This is a long-term program that will impact all Ontarians, so we need to ensure that we get all the considerations right at the outset.

We look forward to continuing the dialogue with the government and our other important partners in this process as we work to combat climate change and build a stronger energy future for Ontario.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it.

We will begin with Mr. Tabuns from the NDP.

Mr. Peter Tabuns: Mr. Huggard, thanks for being here this afternoon.

I'm going to take a look at some of the amendments you have proposed; in particular, the amendment to section 9, "Same, direct and indirect links." Section 9 says, "A person who imports electricity into Ontario during the period and who satisfies ... other criteria as may be prescribed by regulation."

When I think of imports, I think of imports outside Ontario. Your amendment says that the emissions that are counted are the ones that are emitted in Ontario. Can you explain your reasoning here and your understanding of what is in section 9?

Mr. Bob Huggard: One of our considerations is for the manufacturing sector. For example, and I'll just use their name, if one of our auto manufacturers imports steel that's made in Turkey, it would be very difficult to be able to take into account the emissions that are generated in that steel production in Turkey, add it into the overall costs and expect the automaker to add that into their overall production cost. That is our reference: to try to get a focus on the emissions that are emitted in Ontario so that we can deal with those directly.

Mr. Peter Tabuns: But doesn't that open us to greater carbon leakage? We have a steel industry here in Ontario. It will be covered by the cap-and-trade system. Even if they don't have to pay allowances immediately, they'll have to conform to a drop in cap. If we have steel imported from Turkey—they have no caps; in fact, they have very few environmental regulations. There will be an incentive to import steel rather than use domestic steel if we follow what you have set up in this recommendation—if I understand you correctly, and maybe I don't.

Mr. Bob Huggard: In the example I was using, we were talking about the automaker in Ontario having to add or pay for the cost of that emission in Turkey, so that would be adding additional costs that are actually not able to change the behaviour in Ontario. That would be our concern, as opposed to leakage of carbon into other jurisdictions around the world.

Mr. Peter Tabuns: The bill, as written, requires importers of electricity to account for emissions. I'm

assuming that if they're importing coal-fired power from New York state or Michigan, they would have to account for those emissions. Is that your understanding?

Mr. Bob Huggard: Yes, that's correct.

Mr. Peter Tabuns: Okay. So that's the thinking through that particular item.

In your presentation, on the CHP: My understanding of CHP is that the increase in emissions is relatively small but the impact in terms of efficiency is dramatically large.

Mr. Bob Huggard: It's about 35% more efficient to have a CHP than two stand-alone electricity generation and boiler generation.

Mr. Peter Tabuns: Does it not make sense that the increased costs of the carbon credits for the CHP would be more than dwarfed by the efficiency gains, that there would be financial advantage from the CHP operating in a plant?

Mr. Bob Huggard: There certainly is an advantage to their efficiency. The costs are going to potentially make some of the CHP that we know today uneconomic, so it won't go ahead.

Mr. Peter Tabuns: So it's not throughout the sector, but there will be projects that may be affected.

Mr. Bob Huggard: That's correct.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Grant Crack): Thank you very much. We'll move to the government and Mr. Potts.

Mr. Arthur Potts: Thank you, Chair, and thank you, Mr. Huggard, for being here—both of you for being here. A good part of your remarks focused on creating great economic benefits for Ontario, focusing on how we make sure this program doesn't suffer the kinds of leakages outside of jobs, investment and such. I appreciate very much the focus; I think that's an incredibly important piece and part of why transitional allowances are in place: in order to protect those sensitive industries.

I want to focus a bit maybe on your comment on there not being enough allowances for Ontario companies, and your own members, to purchase, resulting in revenues flowing outside of Ontario, to the benefit of other jurisdictions. Of course, in an open market, that's to be anticipated. Is there a problem that there won't be enough allowance generated in the short term because the program is new, or is there something structural that you think we should be fixing here?

Mr. Duncan Rotherham: Maybe I'll jump in there. Ontario's current emissions are around 150 million tonnes a year. By 2020, the target would call for emissions in the province to be around 120 million tonnes per year. That would require about 30 million tonnes of reductions to occur within this economy in a rather short period of time. Also, from those 120 million tonnes, you could be free-allocating to industry anywhere from 25 million to 30 million tonnes for free to the large, energy-intensive, trade-exposed industrials.

What's remaining there may be 90 million tonnes. We look at who would need to acquire those—those not given away for free. It would be the natural gas distribu-

tion companies as well as the transport field distribution companies, whose current emissions are well in excess of those 90 million tonnes. The challenge will come that, if you can't create the abatement necessary within those two sectors of the economy, transport and the natural gas energy end-users—the small energy end-users—then you won't have enough allowance in the province. The key scenario there is if Ontario doesn't join with California and Quebec within that time frame, which would considerably change the supply-demand paradigm.

1440

Under that scenario where Ontario joins the WCI, they would need to acquire, of course, California allowance to come into conformance if not able to create the abatement domestically. As such, the monies would, instead of flowing to the Greenhouse Gas Reduction Account, flow to California's equivalent of such an account and be available for disposal within California and not Ontario.

Mr. Arthur Potts: So the problem, though, in time, would start to rectify itself if people were able to put in emission reduction technologies. So this may be a transitional thing to start off, but it's probably not a long-term issue.

It's certainly our intention, and why we're doing a lot of work with the WCI, to make sure that the marketplace that we're entering into, we're entering into with the right criteria in place.

Mr. Duncan Rotherham: Yes, through 2020 there would definitely be—it would appear there would be an Ontario acquisition of California allowance, at least through that time frame.

Mr. Arthur Potts: I also want to talk about—

The Chair (Mr. Grant Crack): Sorry.

Mr. Arthur Potts: Already? Are you sure?

The Chair (Mr. Grant Crack): I apologize.

We'll move to the official opposition. Ms. Thompson?

Ms. Lisa M. Thompson: Thank you very much, Chair. Welcome, gentlemen. It's a pleasure to hear from you today. We're going to pick up right where you left off. You were talking about Ontario's acquisition of credits, if you will, from California. I'm just wondering if OEA has developed an estimate to show how much money will leave the province of Ontario to purchase allowances in California every year.

Mr. Duncan Rotherham: Our scenario would say that between now and 2020, if we look annually—so in the year 2020, when the targets are significantly reduced from where they are today, there could need to be the acquisition of five million to 10 million tonnes of allowance exogenous to Ontario. To turn that into dollars, we would need an estimate of the cost of allowance in 2020 as well. With an assumption that it might be \$20 a tonne—

Ms. Lisa M. Thompson: Twenty US dollars?

Mr. Duncan Rotherham: Assuming that it might be \$20 per tonne, the need to acquire five million tonnes could mean \$100 million.

Ms. Lisa M. Thompson: Yes, okay. Thanks very much for that.

Did you have anything to add to that, particularly?

Mr. Jim McDonell: Yes. I had some discussion with industries that are already on the system in Quebec, and they relayed about spending large amounts of money in California—money that's leaving this country. I guess that is something they've seen already, as they jumped in with California before. Any comments on that? Is that what you're really talking about?

Mr. Bob Huggard: It's definitely a concern, as we've laid out in our paper. The benefit of cap-and-trade and the approach of putting a price on carbon is that it's a way to enable modifying customer behaviour. If we can invest in technology in Ontario that helps to modify behaviour in Ontario, then we're maximizing the program, in our opinion. Any leakage of money outside of Ontario, buying allowances outside where you cannot bring it back or repatriate at least some of that money, does take away from some of the benefits.

Mr. Jim McDonell: I would think that California and Quebec are not our big competitors. The other states and Mexico are our big competitors as far as manufacturing, and yet they're not in this system. That's got to be a big disadvantage.

Mr. Bob Huggard: If we don't join WCI and we're not in there, then we are short allowances in Ontario. Right now it would appear, although one of the areas where we're looking for more help from the government is on the analytics and the modelling, that that would put—for example, our natural gas distributors could be in a tough situation where there are not enough allowances domestically available for them to purchase and to be able to modify customer behaviour over time.

The Chair (Mr. Grant Crack): Gentlemen, I'd like to thank you for coming before our committee this afternoon. I appreciate it.

CANADIANS FOR CLEAN PROSPERITY

The Chair (Mr. Grant Crack): Next, from Canadians for Clean Prosperity, we have the executive director, Mr. Mark Cameron, with us this afternoon. Sir, we welcome you to the committee this afternoon.

Mr. Mark Cameron: Mr. Chairman, members of the committee, I want to thank you for inviting me to appear on behalf of Canadians for Clean Prosperity.

Clean Prosperity was founded in 2013 and is dedicated to promoting market-based solutions to environmental problems. We believe that a strong, growing, free-market economy can coexist with a clean and sustainable environment. We've been actively involved in these issues across Canada. For example, here in Ontario, we were early advocates of the principle of extended producer responsibility for solid waste, and we were pleased to see many of those principles enshrined in Bill 151, the Waste-Free Ontario Act.

But the issue that we've been most involved with in the last several years has been the question of carbon pricing. In short, our position is that the best way for Ontario and Canada to reduce greenhouse gas emissions

is to put a clear and simple price signal on carbon and let markets determine the best path to reductions, and we believe that the best use of revenues from carbon pricing is to recycle them directly back into the economy as tax reductions for households and businesses.

In general, we've preferred the British Columbia revenue-neutral carbon tax model as the path for other provinces to follow, and that's what we've been advocating, not only in Ontario, but in Alberta and other provinces that have been considering carbon pricing. Consequently, we see both positive and negative aspects in Ontario's proposed cap-and-trade plan and in Bill 172.

While we commend Ontario for putting a price on carbon, we would prefer to have seen a simple tax or fee to a cap-and-trade system, and we would have preferred a commitment to revenue neutrality. We share concerns with some of the other groups who will be appearing before you; for example, concerns about the purchase of California credits through the WCI.

We've made submissions to the Ministry of the Environment and Climate Change as to how we think cap-and-trade can be improved. I don't want to simply reiterate what we've said on other occasions and in our written submissions, but I do want to highlight the reasons why we believe that carbon pricing should be revenue-neutral, since that's one of the areas where I think we differ from a number of the other groups who will be appearing before you.

The theory behind carbon pricing, whether by a carbon tax or cap-and-trade, is not that it should be a means to raise money to spend on other emissions reduction measures. If it is well-designed, the carbon pricing system itself should be the principal way that emissions are reduced. The carbon price creates the economic incentives for businesses and consumers to change behaviour and reduce their emissions by the most efficient, least-cost methods.

The evidence from other jurisdictions, whether British Columbia or European jurisdictions that have experience of carbon pricing like the UK or Finland, is that carbon pricing does work in reducing emissions. But carbon pricing has an economic cost. Whether the price that is imposed is a tax or carbon auction revenues raised from companies, it imposes costs on a wide range of economic activities: transportation, home heating, industrial production or electricity generation. Indeed, putting a cost on emissions-intensive activities is the whole point of carbon pricing, to deter those activities or reduce them in the future.

The best way to prevent these costs from being a drag on the economy is to ensure that the revenues are recycled at least as widely as the costs that are imposed. That means, generally, some form of broad-based tax reduction, whether reducing corporate and personal income taxes, consumption taxes or returning money directly to individuals or households through tax credits or rebates. This creates an incentive for businesses and households to move away from emissions-intensive activities and toward activities that reduce their carbon footprint.

In effect, this is what British Columbia has done by imposing a broad-based \$30-per-tonne price on carbon—at least for all combustion emissions—but refunding 100% of revenues raised as tax reductions. In BC's case, this is done through a combination of corporate tax cuts, personal income tax cuts and rebates for low-income households and rural residents.

The economic evidence is that, in doing this, BC has not hurt its economy. In fact, since the carbon tax came in in 2008, BC's GDP growth and employment rate have been equal to, or better than, the rest of Canada, and two major studies that have been done have said that the economic impact in terms of effect on GDP was minimal.

We would like to see Ontario and other jurisdictions follow the same path. Yes, put a price on carbon. Yes, make it as broad-based and transparent as possible. We believe that we should limit the number of exceptions, free allocations or special provisions, and we share the concerns about 100% commitment to free allocations for trade-exposed industries without some greater specification of what these risks are and that it's transitional and temporary.

Yes, we should increase the price over time to reduce emissions further. We are pleased that the Ontario plan is to have a cap that is continually reducing, which will drive the price up over time. But to protect our economy while we do so, we should be reducing taxes broadly across the economy, not targeting spending to certain sectors or geographic areas.

Now, due to low price of \$15 to \$20 a tonne that we're likely to be at for the first years of the program, cap-and-trade will not impose a great cost on Ontario's economy; perhaps \$2 billion or so out of a \$720-billion GDP. But in order to be effective at reducing emissions, carbon prices will have to rise over time. The government has indicated that by lowering the cap, prices will be rising. For Ontario and Canada to meet 2030 reduction targets—37% for Ontario or 30% for Canada as a whole—the price will have to go up, whether it hits \$30, \$50, \$80 or \$100 a tonne. This will generate more revenues and impose greater costs in the economy. Ontarians will not want to see \$5 billion or \$10 billion in additional costs, creating a drag in economic growth and then see that money going to fund greater government spending. We think that Ontarians would want to ensure that most of that money is in fact returned back into the economy as other tax reductions.

1450

Making the system revenue-neutral and guaranteeing that all revenues go to tax reductions is the best way of ensuring that political support will remain for the system, even as the price of carbon escalates.

We recently commissioned a poll by the Innovative Research Group to look at support for revenue-neutral carbon pricing. A poll which was conducted just a couple of weeks ago, March 17 to 24, asked the following question—"Some have suggested that Ontario should address the threat of climate change and reduce greenhouse gas emissions by putting a price on carbon which

is revenue-neutral—which means the same amount the government raises in carbon revenues is refunded with corresponding tax cuts for individuals and businesses." Then citizens were asked whether they would support or oppose this type of revenue-neutral carbon price. The result was that 60% of Ontarians would support revenue-neutral carbon pricing and only 23% would oppose. It's interesting to note that this idea found support from supporters of all political parties: from those who intended to vote Liberal, PC, NDP, or Green.

This speaks to our suggestion that a revenue-neutral carbon price is an important means to ensure that public support remains for carbon pricing across the political spectrum.

Finally, I want to address the question of how carbon revenues will be spent under Bill 172 as it now stands. While we firmly believe the best way to build support for carbon pricing is to return the revenue to taxpayers, we also think it is legitimate for governments to spend on other kinds of programs to reduce emissions. But we think it is critical that public funds are used as efficiently and transparently as possible and we don't think that Bill 172 does that as it now stands.

The bill lays out terms to the proposed Greenhouse Gas Reduction Account, listing a wide variety of projects that could be supported by the account, but our concern is that these criteria are broad enough to support almost any kind of initiative and there is no guarantee of accountability for the use of carbon revenues to actually reduce emissions.

In the recent federal budget, which announced the creation of a \$2-billion low-carbon economy fund, it was stated that "Resources will be allocated towards those projects that yield the greatest absolute greenhouse gas reductions for the lowest cost per tonne." We believe that the government could adopt these kinds of metrics from the provincial Greenhouse Gas Reduction Account. We also support the suggestion of an independent body like the California Air Resources Board or some other kind of independent body that would be monitoring and selecting projects.

There needs to be transparency, accountability and clear metrics to ensure these funds are used as efficiently as possible to reduce emissions. Simply funding pre-existing government spending plans for transit or other infrastructure, for instance, would not be a prudent or transparent use of carbon auction revenues.

In sum, while we commend the government for bringing in carbon pricing, we would have preferred a simple tax to the cap-and-trade system proposed. We believe that making carbon pricing revenue-neutral is the best way to build public support for the program and ensure that it remains focused on its primary goal of changing behaviour and reducing emissions. While we prefer strict revenue neutrality, to the extent that the government does choose to spend on other greenhouse gas reduction measures, we prefer to see greater transparency and accountability and ensure the greatest possible reductions at the lowest possible price.

Thank you for your time. I look forward to your questions.

The Chair (Mr. Grant Crack): Thank you very much. You're right on schedule. I appreciate it.

So we shall begin with the government and Mr. Potts.

Mr. Arthur Potts: Thank you, Mr. Cameron, for coming in. I appreciate very much your views. You focus much on a fee-and-dividend type of system out of BC, and I know we were lobbied very heavily by citizens for climate change and others who also saw that as being the appropriate way to go. Having said that, that ship has somewhat sailed, as you know.

You do know that the Premier of BC has been opining publicly—but they're not getting the reductions under a fee-and-dividend system that other jurisdictions like California and Quebec are. They're not on target. The problem is that they can't—the monies, when they just go back for individuals or the free-market system, aren't being directed to specific carbon reduction programs. Whereas the system we're envisaging here, if it is adopted, will go to projects that have the best chance of reducing carbon in the most cost-effective way.

I appreciate also your comments on transparency. That is obviously the objective here. The minister's plans, the carbon reduction plan and the Treasury Board plan, will all be very public processes to get at the best programs. I think, as you go down the road, we'll see that working.

What we know—your polling results show that, I think—is that doing it that way is politically palatable but environmentally it's just ineffective. So we have gone down a different route. In view of the system we're in now, what kind of programs would you like to see the monies spent that are raised through the auctions—on reducing carbon impact?

Mr. Mark Cameron: Well, if I could just question your premise for a second, I don't think British Columbia would say that their program hasn't succeeded. British Columbia set much more ambitious targets than any other jurisdiction in Canada, and it's unlikely they'll achieve them by 2020, but the studies that have been done have shown that BC has seen about a 5% to 15% per capita reduction in emissions. At least in the initial years of the program, it was highly successful. I think part of the reason it hasn't succeeded in recent years is that after 2012 they froze the price and haven't increased it further, but I think there is strong evidence that the system has worked and could work if they continue to escalate the price.

That being said, I understand that that decision has been made by the government, and the government has other priorities. As I said in my presentation, if the government is determined to spend revenues on activities other than reducing taxes, which I think is necessary to help offset the cost for consumers and businesses—if they want to go that way, the way to do it is to ensure the greatest reductions at the lowest possible price. One option for doing that would be your reverse auction-type method, where you say, "We're going to purchase five million or 10 million tonnes of reductions at the lowest

possible price." Australia has implemented a system along those lines, for instance.

But I think that simply having the government of the day say, "We'd like to do charging stations," or "We'd like to build subways" and hope that it all works out to reduce emissions is, in our view, not sufficiently transparent or accountable.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it.

We'll move to the official opposition. Ms. Thompson?

Ms. Lisa M. Thompson: Thanks very much, Chair.

Welcome to committee. I want to focus in on a recent grade that you gave the Liberal government here in Ontario with regard to its proposed cap-and-trade scheme. You gave it a grade of D-. I'd like for you to explain to us how you assigned this grade to this particular government. And now that you've had a chance to review Bill 172, does this grade of D- still stand?

Mr. Mark Cameron: Well, that op-ed was written three months before I joined Canadians for Clean Prosperity, but—

Interjections.

Ms. Lisa M. Thompson: Still, I'd love to hear—

Mr. Mark Cameron: I will say—

Interjections.

Ms. Lisa M. Thompson: That's okay. Let's hear it.

Ms. Eleanor McMahon: Oh, come on.

Mr. Mark Cameron: I will say that the grade reflects the fact that we support the principle of carbon pricing. The Ontario government brought in carbon pricing, but we have a lot of concerns about the method that they chose to do so.

Ms. Lisa M. Thompson: There it is, the method. Let's talk about the method.

Mr. Mark Cameron: There's no question that we think a straight, simple carbon tax or fee is preferable to cap-and-trade. There's less opportunity for manipulation. There's less lobbying. There's a lot more transparency, a lot fewer interveners with third parties. That is our preference, clearly.

We also have concern as representatives from the OEA that under the current system, Ontario will be required to purchase a large amount of credits from California, at least in the early years of the system. Estimates we've seen have said about \$150 million a year, so that's a concern for us. The majority of the reductions being achieved will actually be achieved in jurisdictions other than Ontario.

We do think there are things that the government has done or could do to improve transparency. We appreciate the fact that they've talked about a Greenhouse Gas Reduction Account, but we'd like to see that account more segregated from political influence and spent on ensuring the greatest possible reductions at the lowest possible price.

Ms. Lisa M. Thompson: Thank you. I appreciate you taking this question seriously, because clearly the government doesn't.

I would also like to move on and ask how or, more specifically, why cap-and-trade has been so ineffective at reducing emissions in other jurisdictions?

Mr. Mark Cameron: It would depend on the system. The ETS has not been a success, and the reason is that there was an over-allocation of credits. If there's an over-allocation of credits in a system, then it's not going to achieve its results. That's why if we're going the cap-and-trade route, it's important that the credits decline over time, that the price rises over time, but that raises all the same issues that we talk about in terms of the need for offsetting the price with some form of compensation.

Ms. Lisa M. Thompson: Okay. And this—

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it.

We shall move to Mr. Tabuns.

Mr. Peter Tabuns: Mr. Cameron, thanks for being here today.

On the question you raised about the transparency on the Greenhouse Gas Reduction Account: Can you talk about two or three things that you think should be in the bill to make that reduction account more transparent?

Mr. Mark Cameron: Well, I think a commitment to the principle of achieving the greatest number of reductions at the lowest possible price would be a valuable principle to have in there. I think there's a distinction to be made between reductions that are achievable right away versus potential reductions due to technology, and it would be legitimate to set aside some money for more long-term technological responses that might be more of a risk, with less certainty. But I think for those kinds of allocations, there should be some sort of an independent third party that is making those decisions. For the immediate reduction, something along the lines of an auction-type process would probably be the best way to achieve that.

1500

Mr. Peter Tabuns: What do you see as the right proportions between investments that will bring about reductions in the very short term, over the next year or two, as opposed to investments that won't have a substantial impact for five to 10 years? How would you allocate the funds?

Mr. Mark Cameron: You could arbitrarily assign a number—two thirds for immediate reductions and one third for technology or longer-term responses—but I think even for the technology or longer-term responses, you have to look at what reductions you actually expect to achieve. There may be a certain risk factor associated with that, but if you say, "Well, this project could achieve 10 million tonnes of reductions 10 years down the road," there's a certain discount value that would have, even at the current market.

Mr. Peter Tabuns: I don't have further questions. I want to thank you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Cameron, for coming before committee.

Mr. Mark Cameron: Thank you.

ENVIRONMENTAL DEFENSE FUND

The Chair (Mr. Grant Crack): Next on the agenda, from the Environmental Defense Fund, we have Ms. Erica Morehouse, senior attorney. She's appearing via teleconference. I would also, before we bring her on, just advise members of the committee that on the first page of your package is material from the Environmental Defense Fund.

Ms. Morehouse, are you with us this afternoon?

Ms. Erica Morehouse: Yes, I am. Can you hear me?

The Chair (Mr. Grant Crack): Yes, not too badly. I'm Chair Grant Crack. On behalf of the committee, I welcome you this afternoon. Where are you calling from? You have 10 minutes for your presentation.

Ms. Erica Morehouse: Thank you. Good afternoon. I'd like to thank the committee so much for this opportunity to present today. My name is Erica Morehouse and I'm a senior attorney with the Global Climate Program at Environmental Defense Fund. I have over seven years of experience working on the implementation of cap-and-trade in the California program and in the California context.

Founded in 1967, Environmental Defense Fund is one of the world's largest non-profit environmental organizations. It's based in the US, with more than one million members and a staff of 500 scientists, economists, policy experts and other professionals around the world. Guided by science and economics, EDF tackles urgent environmental threats with practical solutions so that people and nature can prosper.

The organization was an original sponsor of California's Global Warming Solutions Act in 2006, requiring a return to 1990 levels of emissions by 2020, and EDF has participated in the implementation process ever since. Given the close similarities between California's cap-and-trade program and the proposed cap-and-trade program and associated legislative proposals in Ontario, I would like to provide the committee today with a brief overview of California's climate policy experience to date.

I will provide a brief background on the cap-and-trade program's history and policy context, and will then provide my top three lessons learned from my experience with cap-and-trade in California. Today, I'm focusing specifically on California's experience rather than taking a direct position on Ontario's proposal, but recognizing that California's program is very similar to that proposed in Ontario and hopefully provides a relevant example for your consideration.

In 2006, California passed the Global Warming Solutions Act, tasking the Air Resources Board with developing a suite of regulations to address climate change and specifically committing California to reduce greenhouse gas emissions to 1990 levels by 2020. The Air Resources Board engaged in an extensive planning and public engagement process that resulted in a scoping plan in 2008, which was the blueprint that laid out a suite of regulatory measures, including cap-and-trade, which would allow California to meet its 2020 goal. Other

measures included a renewable portfolio standard, a low-carbon fuel standard and an incentive program.

The cap-and-trade program officially began January 1, 2013. California linked its program to Quebec's on January 1, 2014. The Air Resources Board is now engaged in a second update to the scoping plan, which will plan for and set targets for California that will reduce emissions to 40% below 1990 levels by 2030.

The cap-and-trade program is a critical policy tool for California because it sets a hard limit on harmful global warming pollution to ensure that California's greenhouse gas reduction goals are met. Cap-and-trade is a powerful economic incentive to cut emissions, while offering compliance flexibility and environmental certainty. By setting a cap and putting a price on carbon, cap-and-trade leads to real emissions reductions and new investments in clean technologies and economic developments.

Based on this experience in California, I'd like to highlight the three lessons learned.

First, despite initial predictions to the contrary, California is demonstrating that with sound climate policies like cap-and-trade in place, it is possible to maintain economic prosperity while dramatically reducing emissions.

Second, California committed to reinvest cap-and-trade auction proceeds to directly reduce greenhouse gas pollution, and in doing so is able to create additional associated benefits for Californians that far exceed the value of the initial investment. An important component of this strategy is a commitment to ensuring that a high percentage of investments are made in disadvantaged communities in California.

Third and finally, a long-term commitment to ambitious climate targets is a critical component of a successful climate strategy that can create the right incentives to drive the transformation to a low-carbon economy.

To elaborate on these points a little more: First, as I noted, California has shown that it's possible to maintain economic prosperity while dramatically reducing emissions. As you'll see on the first figure in the handout I provided, California has successfully decoupled economic growth from emissions. GDP is growing in California while emissions per GDP are declining rapidly. After three years of the most ambitious climate program in the US, California saw GDP and jobs grow at a faster rate than the US national average.

California is also benefiting from a thriving green economy, receiving more clean technology venture capital investments than all other US states combined. Meanwhile, capped emissions are down and California is ahead of schedule to meet its 2020 target, with emissions 9% below required cap levels in 2014, the last year from which we have data.

Second, California is investing auction proceeds to reduce pollution and provide additional benefits, especially to disadvantaged communities. As you can see in the second figure on the handout I provided, California's investments will go to directly reduce greenhouse gas pollution in a number of sectors. All of these investments

also have additional identified benefits associated with them, including helping California transition more quickly to a low-carbon economy; helping Californians save money on gasoline, fuel and electricity; improving transportation choices; and making California more resilient to the impacts of climate change.

It's important that at least 25% of these investments, by law, must benefit disadvantaged communities in California. A disadvantaged community is identified using several indicators that cover pollution burden as well as socio-economic status. Investments in disadvantaged communities to date have far exceeded these requirements, though, with over 50% of investments benefiting these communities.

It's still early to get real data on the impact of these investments in California, but there is good data from an electricity sector cap-and-trade program in New England in place since 2009. There, researchers have shown that \$1.7 billion in energy efficiency and clean energy investments created \$2.7 billion, a full \$1-billion additional net economic gain for the region, including thousands of new jobs.

Finally, setting clear targets for reductions needed in 2030 and 2050 is critical. California has done this through executive orders, and the Air Resources Board has commissioned research and is engaged in a planning and public outreach process to determine how California can meet these goals. Research suggests that the 2030 targets should be achievable with a likely suite of climate policies.

California has not yet updated the cap-and-trade program to extend to 2030, but plans to start the process for doing so this year. A cap-and-trade program that extends through 2030 will create incentives for even more emissions reductions and will ensure California stays on track in reducing emissions.

1510

Thank you very much for your time and the opportunity to speak. I look forward to any questions you may have.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Morehouse. I hope the weather is fine in California these days. We had a major snowstorm here last night.

We'll start off with the third party and Mr. Tabuns on the questioning.

Mr. Peter Tabuns: Ms. Morehouse, thanks for joining us this afternoon. We appreciate it.

Ms. Erica Morehouse: Thank you.

Mr. Peter Tabuns: Could you talk a bit about the investments in disadvantaged communities, both the nature of those investments and why it is that the investment rate has been closer to 50% rather than 25%?

Ms. Erica Morehouse: Sure. The nature of the investments are that most of the investment areas that you see listed in the second figure that I provided can be targeted to actually go to those disadvantaged communities. It's just a prioritization of the location that investments would be made in. That can go to things like free solar

panels for low-income housing or to helping lower-income Californians swap out a dirty car for maybe even an electric car—something like that.

To the second part of the question, spending more like 50% of the investments to benefit those communities really just shows the priority that California is putting into actually benefiting disadvantaged communities, because those communities with lower-income Californians who have had to suffer through higher levels of pollution for so many years are going to be hit first and worst by the impacts of climate change and should really be first in line to benefit from climate action in California.

Mr. Peter Tabuns: Thank you. The second question I have is with regard to the long-term commitments and that long-term commitment being necessary if you want to bring investment on board. Over what time horizon are the investment plans for the funds set out? Are we talking a 10-year investment plan, a three-year investment plan or a 20-year investment plan?

Ms. Erica Morehouse: Sure. In my comments, I was really referring to the targets for reducing emissions and the overall signal that that sends to the economy. California engages in a shorter-term process around planning for the actual investments. They do a three-year investment plan, which is required by law, and then there are annual appropriations of specific investments by the California Legislature.

Mr. Peter Tabuns: Okay. Thank you for your time.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Tabuns. We shall move to the government. Ms. McMahon.

Ms. Eleanor McMahon: Thank you very much for your presentation today. As you know, our government is having conversations with yours about creating a viable and credible marketplace for cap-and-trade. This has been enormously instructive—in fact, so much so that I'm not sure where to begin.

I guess I'd like to highlight your earlier comments about the GDP and jobs growth being very strong in California. In fact, this edifies a report that I saw recently with data from the Bureau of Economic Analysis in California that talks about how, despite the most aggressive climate change policies and targets in the United States, California has achieved impressive economic growth—not in spite of, but because of, the state's climate and energy policies—and the fact that the state's manufacturing sector has grown three times faster than the rest of the nation. All of this bodes very well for what lies ahead here.

When you were talking, you mentioned something about compliance flexibility. I guess I wanted to ask you about that, and then I had one more question to follow, if I may.

Ms. Erica Morehouse: Sure. I think the reason that I say that cap-and-trade provides compliance flexibility is that it provides an overall cap on emissions, so the government makes sure that they don't exceed the carbon budget, but it allows businesses the flexibility to decide

what the best way is for them to comply with the program. If they're able to reduce emissions at a lower cost, then emission reductions can actually take place on-site at a facility, whereas if a particular business has a very high cost of reducing emissions on-site, they're able to trade with others in the carbon marketplace and buy allowances to make sure that they can cover their compliance obligation under the cap-and-trade program.

Ms. Eleanor McMahon: A quick question for you: Can you tell us—I'm not sure you know; you must; you're so learned in this area—why California decided to go with cap-and-trade versus a fee-and-dividend system? British Columbia, as a matter of fact, has gone with that system, and we wondered why you chose cap-and-trade.

Ms. Erica Morehouse: I think there are probably a lot of reasons that go into that, but one major reason is that California actually set into law a requirement to reduce emissions to a very specific level: to 1990 emissions by 2020. They've put in place a lot of measures on climate programs, including cap-and-trade, but cap-and-trade is the only one that actually provides that emissions certainty. Because of the cap, we know that emissions will be capped at the 1990 level and that there will not be an ability to exceed that emissions level that California has set forth.

Ms. Eleanor McMahon: Great. Do I have more time, Mr. Chair, or am I running out?

The Chair (Mr. Grant Crack): No, that's about it. Thanks a lot.

Ms. Eleanor McMahon: Thank you.

The Chair (Mr. Grant Crack): I appreciate that.

We shall move to the official opposition. Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for joining us on the telephone today.

Ms. Morehouse, I just want you to clarify: You believe that money raised through carbon pricing schemes should go back to taxpayers—yes or no?

Ms. Erica Morehouse: I'm not taking a position on universally where money should go. I think it is a local decision. I was trying to provide the example of what has happened in California and has been very successful in California, which is reinvestment in greenhouse-gas-reducing programs.

I would also note that through the utility program there is some return of money to utility customers through their utility bills. But all of the money that California raises through the cap-and-trade auctions that are state-controlled goes back to greenhouse-gas-reducing projects that include things like transportation, clean energy, and infrastructure—projects like that.

Ms. Lisa M. Thompson: Okay, thank you. Reflecting on the Western Climate Initiative, seven of the original states have withdrawn due to economic concerns. I was wondering if you could share your opinion as to why you feel that those seven states, and other states, have chosen not to join the Western Climate Initiative.

Ms. Erica Morehouse: I think there is a range of political realities: the ability to put different programs in

place at the agreed-upon time. California and Quebec were the first to be able to go forward with the set of policies that was laid out by the Western Climate Initiative and, I think, have also been able to provide an example of how potential climate programs could work and could actually be successful and beneficial, and not stand in the way of economic prosperity. I think that can be helpful for other governments who, as we've seen, may have needed to take a step back and be observing and deciding what the best course of action is for their province or state.

The Chair (Mr. Grant Crack): Twenty-five seconds.

Mr. Jim McDonnell: What challenges or benefits do you see for California if Ontario joins the cap-and-trade?

Ms. Erica Morehouse: I think that California's experience with Quebec is instructive. California and Quebec have had a very successful linkage. It has expanded the market and helped them both work together for strong climate action, as well as take advantage of the administrative benefits of being able to work together and share the workload with another province. I think all of those benefits could also accrue to Ontario if they joined.

Mr. Jim McDonnell: Thank you.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Morehouse, for joining us this afternoon via sunny California. We appreciate your input.

Ms. Erica Morehouse: Thanks so much.

The Chair (Mr. Grant Crack): You're welcome.

1520

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair (Mr. Grant Crack): Okay, ladies and gentlemen, next on the agenda, from the Canadian Manufacturers and Exporters, we have two individuals: Mr. Howcroft and Ms. Coulas. We welcome the both of you here this afternoon. You have 10 minutes.

Mr. Ian Howcroft: Thank you, Chair, and good afternoon, everyone. My name is Ian Howcroft and I'm vice-president of Canadian Manufacturers and Exporters. With me is our director of environmental quality and energy policy, Nancy Coulas.

CME appreciates the opportunity to present our views and positions on Bill 172. We do understand and support the need to reduce carbon emissions, and the manufacturing sector has been very successful in reducing emissions over the last several decades.

Before commenting specifically on Bill 172, we believe it is necessary to discuss what the manufacturing sector needs in order to reduce greenhouse gas emissions and maintain its competitiveness, and the economic arguments.

I'd also like to just highlight the importance of the manufacturing sector to the Ontario economy. It employs 750,000 employees directly. There are another 1.5 million individuals whose jobs are indirectly dependent on manufacturing. Last year, it generated about \$290 billion

in output. It was responsible for about 85% of the R&D and the commercialization that was done in the private sector. For every dollar invested in manufacturing, it generated about \$3.50 in total economic activity, the largest multiplier of any sector.

Data over the past decades show that the most rapid rates of emission intensity reduction have been achieved during periods of strong economic growth. Capital investment in new and improved housing and building construction, machinery and equipment, and public infrastructure accelerates emission intensity reductions. Conversely, when investment declines, emission intensity increases. If we are to meet the target of reducing GHG emissions 37% below present levels by 2030, we need to invest to more than triple the rate of historical technological progress. Not only will we be required to triple the historic investment; the capital will need to be focused on more productive and carbon-efficient technology.

With this background, we are concerned that the investment climate arising from the cap-and-trade program may not support the level of capital turnover required. For example, the steep decline that is proposed under the cap-and-trade proposal for Ontario—an approximately 4% decline—will be a major hindrance to capital investments. Manufacturers have made significant expenditures over the years and have reduced emissions. In many cases, the technology does not yet exist, or is not even feasible, for large emission reductions. The cap decline proposed is, in many instances, not achievable with our current technology. If companies are unable to make the necessary reductions, they will simply be transferring funds to government or other jurisdictions participating in cap-and-trade. This does not achieve the desired result of emissions reductions and may inhibit capital investments to achieve further reductions.

The issue of timing within the cap-and-trade program is also a key concern for our sector. There are two concerns around timing: First, the 2017 date is too soon for companies to operationalize cap-and-trade. Another timing concern is with respect to certainty for manufacturing investments after the 2020 deadline. Companies will not invest in Ontario if they do not have knowledge of the cap-and-trade regime after this time period. Companies make planning and investment decisions well beyond a five-year timeline. Again, this leads to the unintended consequences of carbon leakage and a decrease in economic climate.

Trade exposure is also a critical concern for the manufacturing sector. We need to understand that the manufacturing sector in Ontario is highly dependent on trade. As such, goods that are exported should not be burdened with a cost of carbon that does not exist in the export markets. We need to ensure that companies which are more trade-exposed than others are protected, as this will have a ripple effect on the supply chain and the entire economy.

CME believes that the Ontario government must ensure that the cost of electricity does not increase

directly or via pass-through of cost of carbon to trade-exposed sectors. We support the statement in the budget which notes that Ontario will “take steps to ensure that the net impact of cap-and-trade would not result in an overall increase in electricity costs for commercial and industrial consumers.” This must be true for all sectors.

I’ll now turn to Nancy, who will talk about some of the specifics around Bill 172.

Ms. Nancy Coulas: These are a few specific recommendations.

The first one that I’d like to highlight is in section 6 with respect to emission reduction targets for greenhouse gases. Section 6(2) allows the minister to increase the greenhouse gas targets, but there’s no specific section which allows them to be reduced. This has the potential to restrict the government in the future, in the event of unforeseen circumstances where targets may need to be adjusted or reduced.

We have a second specific comment with respect to section 26(3), cap-and-trade accounts and transactions. It says, “The Minister or the Director is not required to notify the registered participant before removing emission allowances and credits from the participant’s cap-and-trade accounts.” We believe that registered participants should be notified before changes are made.

In section 33, with respect to emission allowances and credits, it appears to grant a broad discretion to the registrar of the registry, regarding information to be provided, to refuse registration or set conditions. This process must be transparent and the conditions should be clearly defined. We would like to see a bit more detail in that section.

In sections 47 to 56, with respect to enforcement and fines—specifically in sections 47(3), 47(4), 47(5) and section 48—the requirements are onerous. The fines in section 48 are also very onerous. Other items, including the failure to submit allowances and credits, should be removed. The whole section around enforcement could use a good discussion. I’m not a lawyer, but I wish I was, for this section.

Section 68, with respect to the greenhouse gas account and administration of the fund: Section 68 authorizes expenditures with administration of the account and uses the term “for any such purpose.” In terms of these administrative expenses, we believe there should be some more detail around the requirements: transparent criteria for determining what is and what isn’t an appropriate administrative expense, market-based guidance on appropriate levels of expenses, and transparent and ongoing accountability for the expenses.

Schedule 1, with respect to the Greenhouse Gas Reduction Account: We support the details of schedule 1, which outline initiatives that may be funded from the Greenhouse Gas Reduction Account. However, as it is written, it limits the types of initiatives that can receive funding with the greenhouse gas account. As well, to ensure that the funds are used in the most effective manner, the criteria for assessing alternative uses needs to be fully transparent and should include details or

criteria such as the cost per tonne of greenhouse gas reduction. Of course, lower-cost options should be favoured.

Looking at economic impact is an important consideration. Noting in section 4 specifically—in the manufacturing or industry section of schedule 1—manufacturing energy efficiency is important, and we believe it should be noted in there.

Recognition of time frame: Reductions that are done today are very important, but reductions in the future, post-2020, are also clearly important. I guess we just need to have a balance between what is an immediate technological change and reduction versus what is needed in the future to make post-2020 reductions.

The last point that I wanted to make is on cap-and-trade administration in general. The Ontario government needs to ensure that the administrative requirements directly related to greenhouse gas reductions under the cap-and-trade regime be held to a minimum, both in respect to using the proceeds efficiently to offset government costs and not imposing undue administrative burden on the regulated community.

Thanks again for the opportunity to present this information.

The Chair (Mr. Grant Crack): Thank you both. We appreciate it.

We’ll start with the government. We shall begin with Ms. McMahon.

Ms. Eleanor McMahon: Hi, how are you? Hi, Ian. How are you?

Mr. Ian Howcroft: Very well. How are you?

Ms. Eleanor McMahon: It’s nice to see you.

Mr. Ian Howcroft: It’s nice to be here.

Ms. Eleanor McMahon: That was an extremely helpful presentation, by the way. I come from Burlington, as you know, where there are a good nexus of advanced manufacturers, in particular. I’ve been having vibrant conversations in my riding about this. And, of course, you know about my time at the Canadian chamber; we’ve worked together.

1530

A couple of things: Just circling back to your presentation, the trade exposure piece was enormously helpful. I especially liked your comments about how we need to maintain a delicate balance. I know that in the last budget, we initiated the Green Smart energy-efficiency program of \$25 million to you, so that you could administer that on behalf of the government and ratepayers provincially. Of course, that will assist small and medium-sized manufacturers. Can you talk a little bit about that and how you see it helping?

Mr. Ian Howcroft: Sure. We’ve always said that the most successful approach to successfully implementing cap-and-trade or reducing GHGs is through investing in technology. This will allow us to partner with the government to continue our Smart Program, which will allow us to focus on providing funding to companies so that they can look at technological improvements or process improvements to reduce GHGs and improve

energy efficiency that will help deal with the issue in a very positive, proactive and productive manner.

We've run the Smart Program in partnership with both the Ontario and federal governments since 2008-09. The methodology has proven extremely successful, so we thought this was an excellent opportunity to again partner with government in a focused way to allow the individual companies to start their own initiatives under GHG reductions and improve energy efficiency, again with a focus on improving the climate change issue.

Ms. Eleanor McMahon: As you know, we've been talking significantly with California and other jurisdictions—because we're creating a marketplace, right? So it's important that we have these conversations. I'm hoping that you were pleased, as I was, to learn that California has still, despite the most aggressive targets, remained the most robust manufacturing sector in the United States and is doing well. Of course, their green economy is thriving, which is something that we all want to see happen.

Can you talk a little bit about your advice vis-à-vis manufacturers and exporters and what kind of assistance or buffering they might need? That's an important conversation for us to have.

Mr. Ian Howcroft: I think one is to make sure that the regulatory approach is as user-friendly as possible. It was very interesting for me to hear that California—a person talked about the success they've had there. We've also done a bit of research on California's system, and I think we should note that Ontario has reduced its greenhouse gas emissions significantly more than California has over the last 10 or 15 years, notwithstanding we're just getting into the cap-and-trade system here now. Ontario has done a lot and has realized even more benefits than California has realized over that same time period.

We're looking to what they have achieved and we want to ensure that our input is taken into consideration to ensure that the cap-and-trade does have that positive impact of looking at the economic issues, helping to build businesses, and helping to do it in a way that takes into account the realities to allow us to invest in technology, to be innovative and move forward to reduce GHGs and improve energy efficiency, but also looking at all the economic parameters around it.

Nancy, I don't know if you wanted to add—

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. It was a little bit longer.

Ms. Thompson?

Ms. Lisa M. Thompson: Thanks for being here. You mentioned during your remarks that you feel that—I'm paraphrasing—Ontario is rushing into their cap-and-trade scheme. Would you agree that Ontario should take a step back, hit the pause button and give some good thought toward getting it right, and possibly miss the first round of the compliance period?

Ms. Nancy Coulas: I would say yes. I don't think we've seen any specific economic information yet. I know that there are some presentations that are going to

be coming out soon from the Ministry of the Environment and Climate Change, but we haven't seen that yet. We'd certainly like to review that.

Within companies, they need time to train their staff and to get these systems in place; 2017 is just around the corner for them.

In other jurisdictions—Quebec took, I think, years to get their system in place. Certainly, I don't think rushing is going to do us any favours in the long run.

Ms. Lisa M. Thompson: Okay. Also, I totally agree with you: Ontario's total GHGs are less than half a percentage point when you take a look at the global perspective of greenhouse gas emissions. You've noted that Ontario has already done a lot. In fact, we're below California emissions right now. Can you touch on how we've achieved that already?

Mr. Ian Howcroft: I think it was, over the last 20 or 25 years, investing in technological improvements, being innovative and making changes. From the early 1990s to 2014, we saw huge reductions in GHGs, notwithstanding the increase in productivity and output increasing during that time. It's about making sure that you're being innovative and continuing to invest in technology that allows you to reduce GHGs and to continue to improve energy efficiency, looking for alternatives and sharing best practices. I think that's been the success that we've had, and we have to continue on that path with even more focus if we're going to realize the targets within the new cap-and-trade legislation.

Ms. Lisa M. Thompson: Very good. Do you feel that the current Ontario cap-and-trade scheme, as it's defined today, could potentially handcuff innovation and stagnate what's already been achieved?

Mr. Ian Howcroft: We're providing our input to hopefully not have that happen, so that we have a system that does take into account the economic realities—that allow us to focus on how we can improve the cap-and-trade system to not have either result. As Nancy said, it's important that we get it right. We have to take the time to ensure that the cap-and-trade system meets all the requirements so that we have a system that does meet those objectives.

Ms. Nancy Coulas: And ensuring that the funds are recycled back so that industry can make those investments.

Ms. Lisa M. Thompson: Okay. Very good. Thank you.

The Chair (Mr. Grant Crack): We'll move to Mr. Tabuns.

Mr. Peter Tabuns: Nancy, Ian, thanks very much for being here this afternoon.

Carbon leakage: Is there a great concern on your part that producers in other jurisdictions that don't have cap-and-trade will be able to put product into Ontario at a lower cost than we can manufacture here?

Mr. Ian Howcroft: Yes, that's a concern. We also don't want to lose companies that are here moving to a jurisdiction that allows them to continue to do what they're doing without realizing any benefits. I think that

was an experience we saw in British Columbia in the cement industry. When the carbon tax was introduced there, major cement companies closed or moved. They're still having the same emissions, yet it took away hundreds of jobs and the tax revenues for the economy of British Columbia. That's one of the issues that we want to ensure doesn't happen to Ontario as we move forward.

Mr. Peter Tabuns: Should importers of industrial materials be part of this system? For instance, if you're an electricity importer, you have to recognize the carbon inherent in your electricity if you're bringing electricity in from a coal plant, say, in Michigan. With steel—we get steel from Turkey and from China, and their emissions are, generally speaking, far worse than ours. Should we be saying to them, “You should be recognizing your emissions if you're bringing them into Ontario”?

Ms. Nancy Coulas: Are you referring to carbon border adjustments, that type of thing?

Mr. Peter Tabuns: Yes. Here we don't control the tariffs, but we can say, “If you're importing steel from Turkey, that Turkish steel has to have the cost of the carbon emissions factored in.” Is that something—

Ms. Nancy Coulas: Certainly a lot of our companies would like to see that, to ensure that steel or products—

Mr. Peter Tabuns: Steel, cement.

Ms. Nancy Coulas: —steel as an example—being brought in have those same requirements.

Mr. Peter Tabuns: Okay. The detailed comments that you made—and I don't quite understand number 4. This is with regard to fines: “other items, including the failure to submit allowances and credits, should be removed.” Don't you think there should be a penalty for those who don't comply with the system? Because it means that those who do comply are actually going to be stuck with costs and those who don't comply get a free ride.

Ms. Nancy Coulas: Yes. I think it's a section that needs to be examined. As I mentioned, I'm not a lawyer, but I wish I was so I could go into greater detail on this.

Mr. Ian Howcroft: I think it's to ensure that what you said is the reality, so that we have a system that recognizes those who are being successful and a system that deals with those who aren't, but we're not confident that the wording and the way it's structured right now will allow us to achieve those results. It's not so much the intent; it's more the way it's drafted currently.

Ms. Nancy Coulas: Right. And do the fines represent that? Are they representative of what they should be for this failure to submit allowances and credits? We think they're onerous.

Mr. Peter Tabuns: One of the concerns is with regard to the GHG reduction account. Clearly, we have wasted 25 years. World emissions have gone up 16% since this issue was first recognized globally in 1990, 1992. We need to move fairly quickly. There's a split that is going to happen in terms of investments. We can invest almost everything in immediate greenhouse gas reductions, or we can invest some portion of the funds in longer-term things like electric vehicle charging stations. Do you

have a sense of the split that you think would make sense for Ontario?

The Chair (Mr. Grant Crack): A quick response, please.

Ms. Nancy Coulas: Unfortunately, I don't, unless Ian—

Mr. Ian Howcroft: No. That was quick, but—

Mr. Peter Tabuns: Quick and honest but not illuminating.

Ms. Nancy Coulas: As long as the manufacturing sector can reinvest into new technologies for our sector—that's what's needed.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Grant Crack): Thank you very much to the two of you for coming before committee this afternoon. We appreciate it.

CANADIAN ENVIRONMENTAL LAW ASSOCIATION

The Chair (Mr. Grant Crack): Next we have, from the Canadian Environmental Law Association, who's been here with us before, Jacqueline Wilson, who is counsel.

We welcome you, Ms. Wilson, this afternoon. You have 10 minutes.

Ms. Jacqueline Wilson: Great. Thanks very much. My name is Jacqueline Wilson. I'm a lawyer with the Canadian Environmental Law Association. We're an Ontario legal aid clinic whose mandate is to use and improve laws to protect the environment, particularly on behalf of low-income communities.

We're also a founding member of the Low-Income Energy Network, which supports government policy that will provide access to adequate, affordable energy while minimizing the impacts of energy policy on health and on the environment.

1540

Bill 172 has the potential to be a key piece of Ontario's response to climate change. However, the bill must be significantly amended to make it more stringent and more fair. We've distributed written submissions which provide 28 recommendations for improvement of the bill. We of course urge you to adopt all of them.

Today, in this oral presentation, I'm going to focus on four key issues. The first is the impact of the cap-and-trade program on low-income and vulnerable communities and how that can be dealt with in this bill. The second is ways to strengthen the rules for use of funds under the Greenhouse Gas Reduction Account and increase transparency. The third is CELA's opposition to industrial emitters being given free allowances. The fourth is that public powers, particularly for inspection and enforcement, should not be delegated to unaccountable third parties.

There's an environmental justice piece of this bill that's missing and needs to be addressed. Low-income communities have contributed least to greenhouse gas emissions, but face the most serious impacts of climate

change. Often, low-income communities have little ability to cover increased costs of electricity, heating, food and other necessities. At the same time, low-income communities, unlike other communities, often have little ability to reduce their greenhouse gas emissions through changes to behaviour.

We recommend following California's approach as a model, which includes a legislative requirement that a minimum of 25% of funds raised by the cap-and-trade program are used for projects that benefit low-income and disadvantaged communities, and a minimum of 10% of those funds are used for projects within those communities. We note, though, that the 25% threshold, which should be legislated in this bill, should be considered a floor. The government should assess the potential impact of this program on low-income communities and continue that assessment over time to ensure that the 25% allocation is enough for those communities.

Our recommendations 9, 10 and 11, as set out in our written submission, are that one of the purposes of the act, in subsection 2(1), should be to recognize the disproportionate impact of climate change on low-income and vulnerable communities and to assist in their transition to a decarbonized economy. Recommendations 10 and 11 look to amend section 68 and schedule 1 to ensure that a minimum of 25% of funds in the Greenhouse Gas Reduction Account are used to assist low-income and vulnerable communities.

The second issue I wanted to address was the Greenhouse Gas Reduction Account. There are quite a few recommendations in our written submission about this. I'm going to focus on a few of them today. The first is that the language in section 68 and schedule 1 should be strengthened. It needs to be very clear that cap-and-trade revenue can only be used for new, additional initiatives, to expand initiatives that will reduce greenhouse gas emissions or for programs that would assist low-income communities.

The credibility of this program would be severely undermined if revenue was used for other purposes, or to fund existing and budgeted-for environmental programs. Quebec's Green Fund has run into trouble on this very issue, and has been used to fund a Valero Energy pipeline and a new tail fin on an Air Canada Boeing 767. That's clearly not helpful in the fight against climate change. We suggest specific wording on these issues in recommendations 13 and 15 in our submission.

We also make a specific recommendation to amend schedule 1, paragraph 1(1)(1), which should make clear that nuclear refurbishments and other expenditures related to nuclear power cannot be funded by the Greenhouse Gas Reduction Account. Nuclear power has significant environmental impacts, along with significant greenhouse gas emission implications.

The Independent Electricity System Operator recently noted, in October 2015, that the current nuclear refurbishment plan will increase greenhouse gas emissions by raising the demand for natural gas. Ontario Power Generation advised the OEB that the Darlington nuclear

station's historic average annual time offline is 16.66%. When the nuclear power plants are offline, natural gas-fired generation is used as a backup. There's no reason to believe rebuilt Darlington or other rebuilt nuclear power plants will have a better record, which means that approximately 17% of our baseload electricity needs will be met by natural gas-fired generation. That locks in substantial greenhouse gas emissions for the life of all these rebuilt generators.

Our recommendation 16 in our written submission is that schedule 1, paragraph 1(1)1 be amended to make it clear that no nuclear power projects, including nuclear refurbishments, can be funded by the Greenhouse Gas Reduction Account.

The other issue related to the Greenhouse Gas Reduction Account is that it should be made more transparent. The Minister of the Environment's review in subsection 68(3) should require mandatory consideration of the factors listed rather than discretionary consideration; explicit consideration of vulnerable and low-income communities; the minister's report to the Treasury Board should be made public before any decisions are made; and the minister's report should detail a plan for funds not used each year.

The Treasury Board should be required to incorporate the minister's review in its decision. The current wording doesn't require the Treasury Board to do anything with the minister's report. The Treasury Board should either accept the minister's proposals or explain why those recommendations were not followed in a public report.

Finally, the minister's report, under subsection 68(6), needs to provide much more detail. It should consider the same factors that were listed under subsection 68(3). It should be clear how much money was spent on each specific initiative and it should measure the actual greenhouse gas reductions achieved by each initiative.

Wording for these recommendations is found in recommendations 17 to 20 in our report.

The third issue I wanted to address was free allowances. It's CELA's position that free allowances should not be available to all industrial emitters. Leakage is not likely to have a large effect on Ontario's economy. To give an example, a report by the ecofiscal commission estimates that at a price of \$30 per tonne of carbon dioxide equivalent—so much higher than the proposed price that is going to be put in place by this cap-and-trade program—producers amounting to only 2% of Ontario's GDP are at risk of leakage.

The government has not put forward any evidence to substantiate leakage concerns, so the current proposal of the broad free allowances given to industrial emitters amounts to an unjustified program-wide subsidy for industrial emitters, which undermines the polluter-pays principle, it distorts market signals about the carbon intensity of a process or product and it means that the ministry has forgone considerable revenue which should be used to fund complementary programs under section 68 in schedule 1. If any leakage concerns are demonstrated and proven, they should be addressed through

targeted assistance under the Greenhouse Gas Reduction Account, not through free allowances.

Those are our recommendations 3 to 5 in our submission.

Our final point today is that we oppose the very broad delegation authority in this act. We have particular concern about law enforcement activities, which are a core government function and should remain within government transparency and accountability structures. Again, there has been no evidence to show that delegated enforcement will be more timely or effective.

Recommendations 23 to 25 address this issue.

The language in the act should be amended to remove all open-ended delegation authority, public servants should exercise all law enforcement powers and, at the very, very least, Bill 172 should be amended to ensure that key government accountability mechanisms—and I've listed a bunch in this written submission, but including the Freedom of Information and Protection of Privacy Act, the Environmental Bill of Rights and the charter—should be explicitly applied to all delegated authorities.

Thank you very much.

The Chair (Mr. Grant Crack): Well done. Thank you very much.

We shall start with the official opposition. Mr. McDonell.

1550

Mr. Jim McDonell: We've heard today how there was some concern about the speed of moving to this cap-and-trade system. You're not only talking about \$17 a tonne, but moving to \$50 in 2020. Any idea how that would impact our low-income residents in Ontario? Would it not, in fact, just increase the number we have?

Ms. Jacqueline Wilson: I think what needs to be done here is that the program actually needs to be made much more stringent—it's not stringent enough, in my view—and then funds that are raised from that program need to target low-income communities.

In California they have done some studies based on their approach, which sets aside 25% of the funds for low-income communities, and they've been very successful. In fact, low-income communities have been well taken care of. The problem is with the structure; it's not with timing. The urgency of the climate change fight requires us to take action quickly and more stringently than we are doing, even in this act.

Ms. Lisa M. Thompson: If I may?

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: We recently heard from an earlier deputation that a recent poll showed that 60% of the respondents favoured a neutral-revenue pricing model. How do you feel about that? How do you feel about giving the money back to the taxpayers that is generated by a cap-and-trade scheme?

Ms. Jacqueline Wilson: I think, based on our targets, that what we need to do is be using that money for further reductions. This cap-and-trade scheme, in my view, is not going to do enough to get us towards our

targets and so we need the complementary programs. Our other hopeful WCI partners address that fact and realize that a lot of their reductions are going to come from these complementary measures. I wouldn't suggest sending the money back to taxpayers. Instead, I would suggest investing it in the things listed in schedule 1 and low-income communities.

Ms. Lisa M. Thompson: Interesting. Thank you.

How much time do we have left?

The Chair (Mr. Grant Crack): A minute.

Ms. Lisa M. Thompson: A minute? Okay, very good.

You mentioned Western Climate Initiative. Why do you feel six states pulled out of it? In terms of the original states that came together to explore opportunities by coming together under the umbrella of WCI, six pulled out. I'm just wondering if you have given any thought or could share an opinion as to why they might have pulled out of it. You said hopefully more will come in, so clearly you have given some thought to why people have pulled out of it, as well.

Ms. Jacqueline Wilson: I haven't given thought to that issue and I'm not sure exactly why they pulled out. Maybe they thought it was not stringent enough.

Ms. Lisa M. Thompson: Oh, nicely done. Very nicely done. What would have to happen with WCI to get more people to join?

Ms. Jacqueline Wilson: Well, I think a well-functioning market and proof that it's actually working to reduce greenhouse gas—

Ms. Lisa M. Thompson: Because we don't have that right now, right?

Ms. Jacqueline Wilson: Well, it does seem to be working. I think over time it's going to be interesting to watch whether this type of market system can really give us enough incentive for our industries and consumers to shift what we need to shift to get to our decarbonized economy that we are all hoping for. We want Ontario to be a leader in that area, and to get where we need to go to meet our targets.

Ms. Lisa M. Thompson: Interesting.

The Chair (Mr. Grant Crack): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: Yes, thank you, Chair. Jacqueline, thank you very much for being here this afternoon.

Ms. Jacqueline Wilson: Thank you.

Mr. Peter Tabuns: In your brief, on pages 9 and 10, you talk about "vulnerable people still bearing a disproportionate burden from the cap-and-trade program. CELA recommends that MOECC also implement a direct credit or rebate for targeted communities." Could you talk about what you mean there, in concrete terms?

Ms. Jacqueline Wilson: Sure. We have given a couple of suggestions for what we could do with the greenhouse gas reduction amounts to assist low-income communities. There are some targeted programs: for instance, increasing the social housing retrofit program that was recently announced—improving that, increasing the funding and increasing the scope of that program. Similarly, the OESP program—putting in more funding and increasing the scope of that.

But we still think that with those targeted programs people will fall through the cracks, because they are targeted and there are a lot of reasons why those programs don't necessarily match up exactly with low-income communities. So we have asked for some kind of direct credit for targeted communities, potentially something like the Ontario Trillium program.

Mr. Peter Tabuns: Sorry, are you talking about direct credit in terms of an income tax credit?

Ms. Jacqueline Wilson: Yes, something like that: money returned to low-income communities that are not able to change their behaviour or reduce their emissions.

Mr. Peter Tabuns: All right. With regard to the Greenhouse Gas Reduction Account, you have spent a lot of time in your brief talking about transparency and making sure that people can understand what's going on.

Ms. Jacqueline Wilson: Yes.

Mr. Peter Tabuns: Are you concerned that, as written, the law is not adequate in terms of transparency?

Ms. Jacqueline Wilson: Yes, I think there are quite a few reasons why the account as it's currently written is not transparent enough. One is the set-up of the account. We call for, in this brief—I didn't mention it in my oral presentation—for it to be a special-purpose account, rather than the way that it's set up currently, being an account in the public accounts where amounts are recorded. That's obscure, and it should just be clear that the money is set aside in a special-purpose account and used only for the Greenhouse Gas Reduction Account purposes.

The other reason is that it isn't clear that the minister's review and the decisions that are made about what to use the funds for are going to be made public at all. There's a minister's review that goes to the Treasury Board, but that's not made public, and it should be before those decisions are made. There are no constraints on how they use that report and whether they need to use it or not. That should be made public, and the Treasury Board's decisions on whether to use it or not should be public.

The report under subsection 68(6) should include a lot more detail. It should include all of the factors that were listed in the, at this point, non-public report of the minister to the Treasury Board. It should include information for each specific initiative, what was spent on it and what those initiatives are doing to reduce our greenhouse gas emissions.

Mr. Peter Tabuns: Okay. And—

The Chair (Mr. Grant Crack): I'm sorry, Mr. Tabuns. I wish I could give you more time.

Mr. Peter Tabuns: Oh, thanks, Mr. Chair.

The Chair (Mr. Grant Crack): We'll move to the government side. Mr. Potts.

Mr. Arthur Potts: Thanks, Ms. Wilson, for being here, and thanks for CELA's advocacy and the time you've taken to look at the details of this bill and come forward with the recommendations that you have.

I'm particularly interested in the fact that you have detailed the legalese behind this, but you've actually made a presentation at a level which allows those of us

who aren't lawyers as well to really understand what you're getting at. So it's much appreciated.

I want to focus on the use of funds. I appreciate very much your remarks about Quebec and that maybe, at times, in California, program monies weren't being used as we would hope—maybe for more political purposes. I get the sense that our legislation, as it's written, has learned from those experiences, that it's very clear that the targets have to be used in a certain way. Whether it's the minister "may" or "shall" or "will" consider certain things, I think it's very clear that the monies being raised here would not go into purposes other than direct greenhouse gas reductions.

Could you comment on what you see it may be lacking here?

Ms. Jacqueline Wilson: Sure. The first thing is that I think the language is too weak currently. If that's the purpose of the account—as it should be—the language needs to be strengthened:

—under subsection (2) of section 68, the language that allows "directly or indirectly" is too weak;

—"costs relating to initiatives described in schedule 1 ... that are reasonably likely to reduce"—"reasonably" should be removed; it should just be "likely to reduce";

—"or support the reduction of" is too weak; that should be removed. "Greenhouse gas"—period.

So it should be "that are likely to reduce greenhouse gas emissions." That should be what's funded. There's too much wiggle room in those words.

The next is that it's not clear in Bill 172—from the wording, anyway—that it's going to fund only those new additional initiatives or expand existing initiatives, rather than using the funds for existing environmental initiatives that are working to reduce greenhouse gas emissions. If we're going to make our targets, obviously, we need more; we need new environmental initiatives that are going to get us there, and these funds can only be used for those. That needs to be clear, and I don't think it is right now.

Mr. Arthur Potts: Fair enough.

You also speak—in the use of funds—about a special-purpose account. I get what you're saying there. But then, as part of your answer to Mr. Tabuns, you said that you would like to see tax credits going back to low-income people who can't make the changes. That seems like a social program, as opposed to direct targets. So there seems to be an inconsistency: You're advocating use of funds to support people whose gas prices or electricity prices may have gone up, but there is no direct program to reduce greenhouse gases associated with that. If that's 25% of the fund, that's a lot of money not being used for greenhouse gas reduction.

Ms. Jacqueline Wilson: I think that could be addressed through changes in wording that would allow section 68 to either reduce greenhouse gas emissions or assist low-income communities with the transition, which could reduce greenhouse gas emissions in those communities. If you get two birds with one stone, that's great. Things like social housing retrofits, retrofits of

other housing—those are both those purposes. But I think that could be addressed just through a wording change. As it's currently worded—

Mr. Arthur Potts: But through a tax credit? Because what are the chances that someone in a low-income building is going to pool all their tax credits to go and renovate that building? It's not going to happen. But if the program was specifically targeting to renovate that building and reduce the use of greenhouse gases in warming it etc., then they would all have that benefit.

1600

Ms. Jacqueline Wilson: Yes, that's right. I think realistically, though, people are still going to fall through the cracks, which is why you need some kind of direct benefit. So if that needs to be dealt with through wording, I think the amendment should be made to make sure those communities are being taken care of.

Mr. Arthur Potts: Thank you.

The Chair (Mr. Grant Crack): Thank you, Jacqueline, for coming before committee this afternoon. It's much appreciated.

SUSTAINABILITY COLAB

The Chair (Mr. Grant Crack): Next on the agenda we have, from Sustainability CoLab, the executive director and founder, Mr. Mike Morrice, again via teleconference. Mr. Morrice, are you with us?

Mr. Mike Morrice: I am, yes.

The Chair (Mr. Grant Crack): It's great to have you here. I believe you're from Ottawa?

Mr. Mike Morrice: That's right.

The Chair (Mr. Grant Crack): Excellent. We welcome you to committee this afternoon. You have 10 minutes for your presentation, followed by nine minutes of questioning from the three parties. The floor is yours, sir.

Mr. Mike Morrice: Wonderful. Thank you. I very much appreciate the opportunity to be in front of the committee this afternoon. I'm honoured to be asked to be before you to provide some comments, and particularly the accommodation via teleconference is much appreciated.

Let me start with some background for those not familiar. Sustainability CoLab supports a whole network of non-profits right across the province that are building a low-carbon economy. Our members support businesses and organizations to track their emissions and to set and achieve targets that work towards getting GHG reductions while at the same time both increasing their profitability and growing the low-carbon economy.

This all comes from a made-in-Ontario social innovation that started in Waterloo region back in 2009, where the Regional Carbon Initiative was launched to do the same thing: to convene a whole network of businesses, to support them in voluntarily setting targets, to achieve and make progress against those targets, and to celebrate those that do particularly well.

In just five years, this program grew to include organizations that employ over 14% of the local workforce. Collectively, these organizations, without any kind of regulation, voluntarily set targets to reduce their carbon by over 50,000 tonnes. Businesses that participated ranged from all sizes and sectors: manufacturing companies, mid-sized service companies, and large multi-nationals the likes of Ernst and Young and Sun Life Financial.

As a result of some of the success, as well as knowing that the businesses that participated actually were paying fees to participate, other communities across the province wanted to replicate the model, and so Sustainability CoLab was formed back in 2014 to share what had worked so well in Waterloo region. Today, the CoLab network is made up of eight non-profit organizations across the province, including many that operate in the communities in which you all work and live. These include Durham Sustain Ability, EnviroCentre in Ottawa, the Niagara Sustainability Initiative, reThink Green in Sudbury, Sustainable Hamilton Burlington, Sustainable Kingston, and Sustainable Waterloo Region, as well as the Windfall Ecology Centre in York region. These are networks across the province that are inspiring communities to reduce greenhouse gases outside of regulation.

Knowing that the overwhelming majority of businesses in our network do not fall under the proposed 25,000-tonne threshold for cap-and-trade, by virtue of these organizations existing in these communities across the province, we know that the minimum bar for sustainability is being raised. But as we see entire sectors being factored in—Waterloo region, for example, participating in a voluntary program to reduce their emissions—those that aren't in become conspicuous by their absence.

We've seen investments in the low-carbon economy. In 2013, for example, in just one community, five organizations set targets, and as they did that, they completed energy audits and projects that totalled \$160,000 of investment in low-carbon projects and services. And of course, as I mentioned earlier, at the same time, we know that they reduced greenhouse gases.

To date, 125 businesses are participating across the CoLab network that back in 2014 had already reduced their emissions by almost 30,000 tonnes.

We are so very pleased to see Bill 172. We're very encouraged to see the beginnings of some strong legislation to go alongside the low-carbon economy that has already been under way across the province for a number of years. We're very glad to see the prominent acknowledgement of the importance of a two-degrees-Celsius warming target, as well as the more ambitious 1.5-degree target from COP 21 and the clear call for a transition to a low-carbon economy, knowing, again, that this transition is one that will lead businesses to be more profitable, to reduce their emissions and grow a low-carbon economy at the same time. We feel that this helps to contextualize the legislation as part of a strong signal toward this deep transition to a low-carbon economy happening in this province, across the country and, in fact, around the world.

There are a few areas of the bill that we feel could be improved. We are a member of the Clean Economy Alliance. We are proud to have been part of that process, working with Environmental Defence and others over the past several years. I understand you've already heard from Keith Brooks, and I understand you've had a number of recommendations from him on behalf of the CEA, so instead, I'll keep my remarks really brief and will focus on two that we feel are most relevant to our networks. Those are, first of all—and I'm sure you've heard a lot about it—the transparency and accountability of the Greenhouse Gas Reduction Account, and then secondly the need for clarity around the free allowances being provided within the system.

I'll start with the Greenhouse Gas Reduction Account. I have a few points here to make. First of all, we encourage the government to ensure that the Greenhouse Gas Reduction Account has very transparent criteria, specifically to ensure that all investments are those that are directed specifically toward new, unfunded initiatives that directly reduce greenhouse gases.

Secondly, we would encourage an increased role for the Ministry of the Environment and Climate Change in decision-making related to the Greenhouse Gas Reduction Account. Currently, we note that in the legislation, it is being overseen by the Treasury Board. We recognize that there are assets within the MOECC around relationships, as well as the data and methodology around greenhouse gas accounting, which we feel position the ministry to be in a better position to be able to ensure that those projects that are funded through the GGRA are in fact those that directly reduce GHGs.

Thirdly, we encourage increased oversight and transparency in the mechanism around which proceeds are being invested. Of course, public confidence in this fund is absolutely critical, as you heard from the last speaker. We very much agree with the encouragement to create a special-purpose account. Currently, in section 68, that is not made clear; that is quite vague. We strongly encourage that.

Secondly, on the free allowances: Our sense is that currently, the free allowances go beyond addressing the leakage risk that we understand is a critical part of the legislation. In fact, it goes a step further to potentially disincentivize companies from taking early action and prolonging the transition of the measures. Specifically, our encouragement is to directly connect free allowances to the actual leakage risks. As I'm sure you've heard from others—the recent report from the ecofiscal commission is a fantastic resource to point to—the finding is that it's just 2% of the economy that's directly exposed to competitive pressures from carbon pricing.

Secondly on free allowances, around publishing the allowances: We would encourage you to follow the lead of partners or proposed partners through the WCI, specifically Quebec and California, to at least publish as much information as those two jurisdictions do. That transparency, when it comes to free allowances, will increase the credibility of the market.

That closes the two recommendations that we have for the committee. In conclusion, again, I'm really encouraged by the momentum happening at all levels of government, and I'm really glad to see the province playing a critical role that we know will begin to make progress in climate change, reduce GHGs and grow a low-carbon economy at the same time. We know that there's a large gap to go to get toward ambitions like two degrees Celsius, and legislation like this is part of what will get us on that path.

1610

Finally, I want to provide an invitation to any members of the committee who are curious to see what a low-carbon economy across the province already looks like. There are galas happening of businesses coming together right across the province. We had the Green Economy Kingston launch. We're really glad that there is a strong network launched in MPP Kiwala's riding. In Waterloo region next Thursday night, over 400 leaders of the business community will be coming together to report back on the progress they made over the past year, and in Durham that same afternoon it's the same thing. We'll be glad to share more with committee members separately about that.

Thank you for your time, and I'm glad to take any questions.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Morrice. You're right on time, it's so much appreciated.

We'll begin with the government. Mr. Potts.

Mr. Arthur Potts: Thank you, Mr. Morrice, for taking the time to be with us today, and congratulations on some of the work your organization is doing. I know that in the past couple of years, your collective organizations have reduced something on the order of 29,000 tonnes of greenhouse gases—over 6,000 cars equivalency off the road. That's really impressive.

What I'd like to talk to you about is these early adopters who have seen these reductions happening in real time before this bill is put into place. How does passage of this bill facilitate them in moving further and further in their greenhouse gas reductions?

Mr. Mike Morrice: That's a great question. We see this bill as part of the dynamic relationship between voluntary and regulatory actions. Specifically, a bill like this makes clear the signal that the transition to a low-carbon economy will not be solely expected to happen through the private sector.

One example recently was the introduction of regulation 397/11 around public sector entities. As the various organizations our members work with saw that expectation of public sector entities increasing, that was the signal that more is to follow. We see that as a very complementary relationship. Voluntary action on its own is not enough, and regulatory action on its own is not enough either. So we will continue to play our part as—I think you're right on the mark to say—early adopters across the province, and our hope is that with legislation like this in place, it will allow us to go one step further, to

point this as the signal by our government that this is the direction the economy is headed in that will allow us to reach a wider section of the economy, and to grow the number of groups that are voluntarily taking action, which in turn, we hope, sets the stage for again a more fulsome approach from government to support and incentivize business to be a large part of the growing low-carbon economy.

Mr. Arthur Potts: Yes, and you mentioned the Kitchener program coming up shortly, that is pursuant to, I think, \$1 million a couple of months ago out of the Green Investment Fund. Can you give a sense of how that money will be spent and what kind of reductions will result?

Mr. Mike Morrice: It's such a great example of the government being able to leverage partners to deliver GHG reductions. The million-dollar investment in the CoLab network will be specifically used to create an incentive fund that, as organizations like Sustainable Kingston and reThink Green in Sudbury get more businesses setting more targets faster, they will be incentivized by us. As opposed to just a high-five, they'll get a cheque that they can then reinvest in more staff, more software, more support to make it that much easier for more businesses to set voluntary targets faster—leveraging the fact that emissions have been reduced through the network so far came at a cost of \$11 a tonne. Those are direct, incremental, additional GHG reductions that we fully intend to leverage that funding to achieve more faster.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Morrice. Thank you, Mr. Potts.

We'll move to the official opposition for questioning now. Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for joining us via telephone today.

I understand that congratulations are in order in Waterloo region, Mr. Morrice—specifically by Wilfrid Laurier. You've been recognized as a young alumnus, as well as a young entrepreneur. As such, I would imagine you're a mover and shaker. I'm just curious: Have you ever attended a Liberal activity or function in the Waterloo region?

Mr. Mike Morrice: I have not. I don't believe so.

Ms. Lisa M. Thompson: Okay. Thank you very much.

Specifically with regard to the million dollars that you received from the Green Investment Fund: The information that we saw in the media noted that it was late February when you received the million dollars. Have you signed the memorandum of agreement or understanding at this time? If so, what are the performance measures or specifically the metrics in which the government is going to ensure that Ontario taxpayers get a good return on their investment?

Mr. Mike Morrice: That's such a good question, thank you. Let me clarify. First of all, the announcement was made in February. The agreement was signed off on a few days ago. In that agreement, the performance

measures are right in there; we'll be glad to have our team share that with you—

Ms. Lisa M. Thompson: Thank you.

Mr. Mike Morrice: Again, the measures are, very specifically, as I mentioned, that these are funds that will only be released to non-profit organizations across our network as they achieve reduction. Specifically, as businesses in Sudbury and Niagara are setting more targets and achieving targets that both reduce their emissions and increase their profitability at the same time, that's when funding will be released to them. Our measures to the province are exactly the same as we will put to our members. In doing that, that ensures that every dollar of support is directly being used to create more capacity amongst non-profit community organizations across the province whose sole job is to make it that much easier for businesses who won't be affected by this cap-and-trade market to be a part of it, and then be inspired by and learn from others to, again, get more GHGs reduced faster. So we're really excited about it and, again, I would be very glad to share with you more about the specific terms.

Ms. Lisa M. Thompson: Thank you very much, Mr. Morrice. I'm glad you appreciate that it was a good question. I noted that you will share the agreement—I'm looking to the Chair and the Clerk. Again, you'll be able to share your MOA—was it an MOA or a MOU?

Mr. Mike Morrice: I will defer to the Clerk on what's appropriate in this case, and we can discuss more details afterwards around the specific terms and agreements to be shared.

Ms. Lisa M. Thompson: Thank you very much, I appreciate that.

Mr. Mike Morrice: Sure.

The Chair (Mr. Grant Crack): Thank you.

Ms. Eleanor McMahon: Chair, a point of order.

The Chair (Mr. Grant Crack): Go ahead, Ms. McMahon.

Ms. Eleanor McMahon: I really have to question what that line of questioning has to do with this piece of legislation. We gave \$25 million to the Canadian Manufacturers and Exporters, and I didn't hear the member opposite ask for their MOU, their conversation with the provincial government. So I think it's mildly offensive that she would go after a not-for-profit in this way, and I just want to express that on the record, Mr. Chair. I find it offensive.

The Chair (Mr. Grant Crack): Thank you. That's not a point of order.

Mr. Tabuns.

Mr. Peter Tabuns: Mr. Morrice, thank you very much for being available this afternoon. Can you or have you provided a written copy of your comments to the committee?

Mr. Mike Morrice: We absolutely will. We understand the deadline to do so is Wednesday afternoon, so written comments will be provided then. We also provided a written submission on the legislation earlier in the comment period back in the fall.

Mr. Peter Tabuns: Okay. Thank you. I have no further questions.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Tabuns, and thank you, Mr. Morrice, for coming before committee via teleconference this afternoon. It's much appreciated.

Mr. Mike Morrice: Again, thank you so much for having me.

The Chair (Mr. Grant Crack): You're quite welcome.

ENERGY STORAGE ONTARIO

The Chair (Mr. Grant Crack): Next on the agenda, we have Energy Storage Ontario. We have Mr. Jim Fonger, who is senior business developer at Ameresco. We welcome you this afternoon, Mr. Fonger. You have 10 minutes for your presentation, followed by nine minutes of questioning, sir.

Mr. Jim Fonger: Thanks very much. Good afternoon, members of the standing committee. Thanks for having me here today. As mentioned, my name is Jim Fonger, and I've got the honour today to speak on behalf of Energy Storage Ontario. To introduce an acronym, that would be ESO from this point forward.

Interjection.

Mr. Jim Fonger: There you go. On behalf of ESO's member companies, I'm really glad to be here today—including the one that employs me, which is Ameresco Canada Inc.

ESO is the voice of energy storage in Ontario. We are an advocacy organization that represents the broad range of companies engaged in the energy storage business in the province. ESO is, in fact, the only trade association in Canada focused on advancing the role of energy storage and building the market for the energy storage business. ESO was incorporated just two years ago and has become the hub of activity for energy storage in Canada. Through networking, knowledge sharing, advocacy and stakeholder education we're helping to build a stronger industry and showcase the value that energy storage can bring to the system.

1620

Our membership represents all players along the value chain, including technology providers, project developers, power generators, local electricity distribution companies and NGOs. Attached to this submission you'll see the full list of our membership.

Energy Storage Ontario welcomes Bill 172 and Ontario's plan to put a price on carbon through a cap-and-trade program. This is an effective policy instrument to curb carbon emissions and shape new practices and behaviour.

Building on Ontario's groundbreaking initiative to go off coal, the province is now in a tremendous position to demonstrate to the world how an economy can grow prosperity while migrating to low-carbon energy systems. But to get there, three critical components are required: first, an economic value on carbon that provides con-

sumers and businesses with financial reasons to move to low-carbon energy systems; second, high-efficiency energy systems that use less energy to do the same or more work; and finally, energy storage systems that will ultimately reduce fossil-based energy generation through the continued use of current carbon-free energy systems and the further deployment of intermittent renewable generation such as wind and solar.

Energy storage is often called the Swiss Army knife of resources. It adds value at all points in the energy system, from generation to distribution to transmission. It increases the value of the energy produced by other sources and adds capacity value to the system. There is a wide range of energy storage technologies, which include different types of batteries, flywheels, power-to-gas systems, compressed air and pumped hydro. Energy storage optimizes all the resources on the electricity grid, lowers greenhouse gas emissions, can help defer costly transmission and distribution system upgrades, and increases grid resiliency and efficiency.

Energy storage has the ability to both instantly absorb excess energy from and insert required energy into the electricity grid as required. This permits the following:

- the storage of Ontario's persistent surplus of low-emission baseload generation capacity at night into both high-value areas on the transmission grid and load centres within the distribution grid to be used during periods of high demand. Not only does this maximize the value of current energy generation resources, it also maximizes the use of existing transmission and distribution assets through reduced congestion in periods of high demand;

- the rapidly growing energy contribution of carbon-free energy from renewable, intermittent sources can be smoothed out and made much more reliable, allowing a much greater percentage of them to be introduced into the electricity system;

- the deployment of local area microgrids that will provide communities with energy resiliency, improving the reliability of local energy supply during climate change-induced weather events; and

- the mass adoption of electric vehicles onto Ontario's roads without the need for a complete redesign of the distribution grid, facilitating energy-storage-based vehicle charging stations.

In the 2013 long-term energy plan, Ontario took important leadership on energy storage with its 50 megawatt procurement. These procurements have made Ontario a leading jurisdiction on energy storage in North America, but it's just the beginning. These procurements were well oversubscribed, with a variety of innovative and fully commercial energy storage projects that have set the foundation for the applications that improve grid operation and resiliency in Ontario.

Energy storage can also provide low-cost options for customers to decrease emissions and electricity bills by shifting their energy demand from on-peak to off-peak periods; move northern communities off diesel-based energy systems; assist large industrial and small retail customers in conservation and demand management

through on-site energy storage systems; and finally, jump-start Ontario clean-tech manufacturing, exports and transition to a low-carbon economy.

A specific, immediate opportunity through Bill 172 is in front of you. Ontario has many of the necessary ingredients to emerge as a global leader in energy storage, including aggressive GHG reduction and low-carbon economy policy objectives. There is an opportunity to use storage in Ontario to reduce carbon from gas plants by up to 4.5 million tonnes of CO₂ per annum.

In 2015, 91% of available gas-fired generation capacity ran, on average, for just under three hours each day, accounting for 8.3 terawatt hours of Ontario's electricity generation and emitting approximately 4.5 million tonnes of CO₂. Approximately one million to 1.5 million tonnes of CO₂ out of this 4.5 million tonnes could be eliminated with 1,000 megawatts of energy storage by negating two to three terawatt hours of thermal gas power generation.

Currently, the environmental benefits of transmission and distribution-based storage, such as GHG reductions associated with displacing gas-fired generation, and the potential for storage to facilitate electrification of the transportation sector, are not adequately taken into account when energy agencies make their planning decisions.

In conjunction with wind and solar, storage can also play an integral role in northern off-diesel strategies for Ontario's First Nations and the Ring of Fire. Specifically, storage plus renewable microgrids can greatly reduce the amount of expensive, dirty diesel being shipped to these communities, while increasing power supply resiliency and reliability. These solutions can be installed quickly and can bridge the gap for communities before they're connected to the transmission line.

Recommendation for inclusion into Bill 172: The government should earmark an initial \$100 million from auction revenues for an energy storage deployment fund. This amount represents the annual carbon emissions from non-baseload peak gas-fired generation in the province. It assumes a \$17-per-tonne carbon price and the potential diesel savings from deploying storage plus renewable microgrid solutions in remote communities. As gas- and diesel-fired electricity is significantly reduced through clean technologies, the annual contribution to the fund from auction revenues could decline accordingly.

The fund's specific objective would be to help deploy 24,000 megawatt hours of storage throughout the Ontario transmission and distribution grids, which would eliminate the need for gas-fired peak generation, reducing annual carbon emissions by 4.5 million tonnes, or 4.5 megatonnes, and deploying storage plus renewable microgrids in partnership with diesel-based remote communities.

The province could then invite applications from both private and public sectors to apply to the fund, to help deploy energy storage systems that meet one or more of the following criteria:

- support the elimination of GHG emissions from peak-energy inefficient gas-fired generation;

- support the move to the electrification of the transportation system through better utilization of existing generation, transmission and distribution assets;

- support the utilization of surplus baseload, eliminating the need to spill hydro and curtail renewables and to further support the better integration of renewables into Ontario's electricity system;

- support the transition of northern remote communities from diesel to renewable energy systems; and, finally,

- assist industrial, commercial and residential customers in conservation and demand management through behind-the-meter energy storage systems.

Energy Storage Ontario views Bill 172 as a very important step in ensuring environmental benefits as well as necessary economic benefits through job and new company creation. We fully support the legislation and hope to see carbon values at levels high enough to spark immediate change in personal and corporate behaviour.

Thanks for hearing me this afternoon. I'm happy to answer any questions you have.

The Chair (Mr. Grant Crack): Great job. You had 24 seconds left. I appreciate it. Well done.

Sir, we're going to begin questioning with the official opposition. Mr. McDonell.

Mr. Jim McDonell: The current bill, as we see not only through the budget, but through the details of the bill, has no requirements for any of the money to go back to initiatives like you're talking about. What would you like to see in this bill as far as the revenue that's generated off of cap-and-trade?

Mr. Jim Fonger: I think our understanding is that the money from cap-and-trade is going to go into green initiatives that further reduce carbon. Is that correct?

Mr. Jim McDonell: Okay—

Ms. Lisa M. Thompson: Not necessarily; 68 eight leaves it pretty open-ended.

Mr. Jim McDonell: Right now, it's basically a slush fund, and we see the money going into general revenue in this year's budget.

Mr. Jim Fonger: I think that's one of the reasons we're putting this forward—

Interjections.

Ms. Lisa M. Thompson: Shh, listen. Listen.

Could you repeat that, please?

Mr. Jim Fonger: Sorry. I think one of the reasons we're putting this forward is this is a specific example of what could be done with these funds, and the actual resulting benefits of doing so.

1630

Mr. Jim McDonell: As far as energy storage, what system do you believe has the greatest opportunity, going forward?

Mr. Jim Fonger: In terms of different types of energy storage systems?

Mr. Jim McDonell: Yes.

Mr. Jim Fonger: The great thing about energy storage is that there is a variety of different technologies, each of them doing different applications. For instance,

flywheels provide a great opportunity to provide voltage support to the system, which really helps the deployment of further wind and solar systems. On the other hand, longer storage systems like lithium-ion batteries, pumped hydro storage or gas-to-energy applications can basically take excess electricity that is produced at night, which is carbon free, and store it for different applications through the day.

Some applications are better on the transmission grid; other technologies are better on the distribution grid. That's the great thing about the overall set of technologies: There are lots of different things that can be used.

Mr. Jim McDonell: Do you feel the province has moved adequately on storage systems, or are you aware of any projects that you've actually awarded as far as some of their FIT programs?

Mr. Jim Fonger: There have been 50 megawatts of storage awarded: 35 megawatts about 18 months ago and another 15 megawatts in the late part of last year. They're all about to come online.

We certainly would like to see, and think there is a great opportunity for, putting much more online, as our ask is for 24,000 megawatt hours.

Ms. Lisa M. Thompson: Very good. Have you tracked the amount of money that has been spent by this government to curtail turbines not to turn?

Mr. Jim Fonger: If you look at the overnight period of electricity, there are periods when it goes negative.

Ms. Lisa M. Thompson: Yes.

Mr. Jim Fonger: That is basically to provide some incentive to curtail excess generation.

I think the popular view is that this is wind turbines. If you actually get into the system itself, what you'll actually find is that it's a combination of not being able to curtail nuclear as much as you would like to, so there's a variety of reasons why there is excess energy on the system right now. To say that it's all a result of a renewable issue is certainly not an accurate comment.

The Chair (Mr. Grant Crack): Thank you very much. I gave you some extra time, too.

Mr. Tabuns.

Mr. Peter Tabuns: Mr. Fonger, thank you for being here this afternoon.

Mr. Jim Fonger: Thanks for having me.

Mr. Peter Tabuns: When you talk about a carbon value at a level high enough to move activity, what dollar value are we talking about per tonne?

Mr. Jim Fonger: I think that's a really good question. Obviously, there needs to be a mix between moving into this particular kind of cap-and-trade and where it's ultimately going to go. If you're looking at a value somewhere in the neighbourhood of \$17 to \$20 for a price on carbon, that basically affects a consumer who drives an automobile that gets an average of 100 kilometres per 10 litres about four cents a litre at the gas pump. I think you've seen that the price of gas over the past year has basically come down a significant amount.

Overall, our sense is that for cap-and-trade to really start to change behaviour, it certainly is going have to

migrate to a level that is much higher than the dollars that are currently in the public domain for where it's going to start.

Mr. Peter Tabuns: Okay. I have no further questions. Thank you very much.

The Chair (Mr. Grant Crack): We'll move to the government side. Mr. Potts.

Mr. Arthur Potts: Mr. Fonger, thank you so much for being here. I've got to tell you that I'm so excited about this field you're in. As an entrepreneur myself before I got into this role, I've seen so much and worked on some sustainable energy projects in the past where more storage—better storage—would have been just the solution.

I was at a fishing camp outside of Sudbury, for instance, that has a 15-kilowatt water wheel, and it goes constantly. In order to keep that, you have to have floodlights everywhere. So in the middle of the night, it's lit up with all these floodlights, and in the morning when they make toast, the floodlights are their buffer. When you put the toaster down, the lights just dim a little and come back up.

Mr. Jim Fonger: They're the load.

Mr. Arthur Potts: So, the storage: You guys will make wind, you'll make solar, you'll make so many of the sustainable technologies that we're talking about work really efficiently in the system. I'm just delighted that you're here to bring your comments.

To Mr. Tabuns's comment about pricing, you'll be more competitive in the marketplace when carbon pricing gets to a certain level, when you will be more competitive with natural gas, which is at an all-time low as an energy source. Are those the kinds of things you see this piece of legislation assisting you in moving forward?

Mr. Jim Fonger: Absolutely.

Mr. Arthur Potts: That's a nice, short, sweet answer. I love it.

Northern communities—that's the other one—micro-grids like that fishing camp: For us to get northern remote communities off diesel and into solar, wind and other forms of generation—renewable gas, for instance—in a way that they can store it and then have it available at night when they need it. You have solutions. Maybe you could talk about some of the work Ameresco is doing in this area.

Mr. Jim Fonger: Ameresco actually is an off-grid division that does a lot of what you're talking about on a very small scale. I think that overall for the industry there are great opportunities for northern communities to actually be small pilot projects to show what can really be established across the province.

In northern Ontario, of course, you don't have a great deal of sun in the wintertime, so it does require that you're going to have to deploy some wind resources. You will need a little bit of everything. You'll need some wind resources, you'll need some solar resources and you'll need some energy storage. Of course, if you could migrate them to electric vehicles—vehicles that are powered by electrification. They provide an excellent

opportunity for not only what's possible there, but what's possible throughout the whole province.

Mr. Arthur Potts: Thank you for being here. I much appreciate your comments.

The Chair (Mr. Grant Crack): Thank you, Mr. Fonger, for joining us this afternoon. It's much appreciated.

Mr. Jim Fonger: Thanks very much for having us.

The Chair (Mr. Grant Crack): You're welcome.

CHEMISTRY INDUSTRY ASSOCIATION OF CANADA

The Chair (Mr. Grant Crack): Next we have the Chemistry Industry Association of Canada; Mr. Scott Thurlow, counsel and director of environment and health policy—it's probably his first time here at Queen's Park.

Mr. Scott Thurlow: It's really nice to be here.

The Chair (Mr. Grant Crack): It's not his first time.

We want to welcome you to the committee this afternoon.

Mr. Scott Thurlow: Thank you very much, Mr. Chair.

Good afternoon. My name is Scott Thurlow. I'm legal counsel and director of environment and health policy for the Chemistry Industry Association of Canada.

I'm very pleased to participate in this hearing and happy to represent Ontario's third-largest manufacturing sector. Our industry is a \$22-billion industry in the province and indirectly supports 215,000 jobs here in the province. The overwhelming majority of our products are exported—a theme that will run through my presentation.

Our industry is the solution—pun intended—to the climate change problem. Chemistry will help other sectors improve their GHG footprint. New building materials, better insulation and stronger fabrics: These advances in chemistry will help all other manufacturers reduce their emissions.

Our industry is supportive of the purpose behind Bill 172. Across Canada, the chemistry industry has decreased absolute GHG emissions by two thirds since 1992. In Ontario, absolute GHG emissions have decreased by 24%, while our sector's contribution to GDP has grown by 20%.

We are doing our part, but let me tell you how we did it. We achieved these reductions through investments. We take existing footprints and build new efficiencies into them and expand their presence. We have won global competitions for investment because of the many features that make Ontario attractive to investors.

I have often heard the Premier and the minister talk about how efficient and advanced our manufacturing sector is in Ontario, and there is no better example than Ontario's chemical sector. By switching feedstock sources from crude oil to natural gas liquids, Nova Chemicals has seen significant emission reductions in the past few years. BioAmber, located in Sarnia, is the first commercially operating facility in the world to make

succinic acid from biomass, resulting in zero greenhouse gas emissions from their facility.

Across our industry, we have achieved impressive GHG reductions through product and process re-engineering, as well as energy-efficiency improvements. But let's be clear about one thing: Those emissions reductions largely took place at the times when companies made significant investments in their Ontario operations, including \$185 million in BioAmber and the \$500 million invested so far under Nova's 2020 growth plan. For us, it's simple: If we wish to achieve significant greenhouse gas reductions, we need a policy environment that supports significant new investments.

I want to be fair. Canada and Ontario have many things working in their favour: low corporate taxes, market access, infrastructure, skilled workers and many others. In total, these conditions are sufficient to get Canada and Ontario onto the short list of two or three locations when global companies are looking to make their next multi-billion dollar investment. This is good, and it's something we should be proud of. Unfortunately, though, it's not enough. When trying to attract world-scale investments, it's only first place that counts. It's like all forms of sales: Others on the short list get nothing. This is what gives us pause and concerns with Ontario's current climate change policy.

There are many aspects of the statute and total climate change plan that our industry will support; for example, the requirement found in Bill 172 to ensure that capital coming from industry under the cap-and-trade program will be reinvested into the industry. This is a strong signal of the government's intent to continue to invest in the sector. Unfortunately, it's undermined by what lies in wait beyond 2020. We don't know, but we imagine that there will be very steep reduction requirements.

1640

Our industry has a very long investment cycle compared to other industries. It can be as long as seven to 10 years after an initial investment has been committed to. The government has signalled its intention to protect energy-intensive, trade-exposed sectors like ours. Minister Duguid has done a yeoman's service in pushing to see sectors like ours protected from global forces, and he should be applauded for his actions.

Unfortunately, the current climate change plan, despite its best intentions, will not adequately protect those sectors. This plan will not make up for the added costs that Ontario industry will face when compared to our global competitors who will face no similar carbon charges. The steep reductions required under the plan—almost 5% over the next four years, per year—will be an added cost to our existing operations. Those costs are not present in Louisiana, New Jersey, the Middle East or China; that is where investment will flow. For a sector with over \$150 billion to invest worldwide, Ontario is sending the wrong message.

Ontario can learn from British Columbia in this regard. In announcing the recent carbon policy changes, the Premier herself noted that no new costs will be levied

against the energy-intensive, trade-exposed sector, in the province of British Columbia until their competing jurisdictions catch up. This was an assurance made by the Premier to ensure that the province's EITE industries were protected. Premier Clark learned from some pretty daunting experiences, and we are in a position right now to learn from British Columbia as well.

I'd like to give you one very good example of how this policy will contribute to losing global investment. The Jungbunzlauer—or JBL—plant in Port Colborne was on the fast track to expand its facility significantly. Using Ontario government incentives, they actually built a cogeneration system to generate heat and steam for their chemical process. They need this heat and steam for their processes or else the micro-organisms at the heart of their chemical reaction—a living biological process—will literally die. They have no choice but to have this cogeneration system; it is a vital piece of equipment.

The cap-and-trade model being proposed will require them to purchase allocations to fully cover the emissions associated with the power which they gain from the cogeneration system, but not the heat and the steam. This is an added cost that their Chinese competitors do not face—nor do their American counterparts, as cogeneration systems are explicitly exempted from the US EPA's climate change plan. The province actually incented that this equipment be built. Had they not done so, JBL would not even be captured by the GHG plan under the threshold for inclusion by the proposed cap-and-trade system.

We feel that the arbitrary treatment of greenhouse gas emissions from industrial electricity cogeneration is inconsistent with the treatment of other GHG emissions at other EITE facilities in Ontario. A simple fix has been proposed by CIAC and JBL. The result is that added production will head to China or America with no tangible benefit to the global environment and certainly no benefit for Ontario. It remains our view that Ontario needs to look beyond regulating industrial emissions if it wants to meet its long-term climate change objectives. Major gains are possible at the consumer level and it is in this area that the chemistry sector can have the greatest positive impact.

Ontario has made very bold choices in its transition to a lower-carbon economy. A vibrant and sustainable chemistry sector can be providing Ontarians with a sustainable, competitive advantage. Through our products and technological innovations, through chemistry and critical applications such as electrifications, transport, energy conservation and the materials required for mass energy storage in Ontario, we are poised for success.

We believe it would be counterproductive to implement carbon policies and rules that will serve to discourage developments and investments in the chemistry sector in Ontario. This is particularly acute at a time when the province resolutely seeks to transition to a more sustainable economy.

I'd like to finish by giving our top recommendations on how to marry Ontario's ambitious cap-and-trade plan

with the desire to attract new large-scale investments to the province:

First, take your time—at the very least, an extra year, like the province of Quebec did. Let's ensure that we get it right, rather than getting it done quickly.

Second, we need to really revisit the accelerated discount rate in the allowance formula for the energy-intensive, trade-exposed sectors. For our sector, as I said, this is almost a 5% reduction in emissions per year. Considering the reductions that we've already made, we believe that this is too much too fast, and it will impose significant cost not seen by our competitors in neighbouring jurisdictions.

Finally, we need a clear policy statement from the government with respect to post-2020 emission reduction requirements. We need Ontario to echo the Premier of British Columbia in her comments to protect EITE industries in the future. After the coal phase-out and the introduction of the first phases of cap-and-trade, Ontario must pause until our competitors—especially those south of the border—have a chance to catch up.

If these three recommendations are taken into consideration, the chemistry sector will be able to contribute effectively to the government's emission reductions objectives. In so doing, it will help ensure that the proposed cap-and-trade regulations do not unnecessarily result in a shift in production to jurisdictions not yet covered under a carbon pricing mechanism. This will prevent carbon leakage from the EITE sector to competing jurisdictions.

Following these recommendations will allow the Ontario economy to benefit from our products and the chemistry solutions other manufacturers will need to meet the demands of a low-carbon economy.

Thank you very much, and I'm happy to take any questions that you may have.

The Chair (Mr. Grant Crack): Wow, within three seconds; a good job.

Mr. Scott Thurlow: First time.

The Chair (Mr. Grant Crack): Very good. Thank you, Mr. Thurlow.

We'll begin with the third party. Mr. Tabuns.

Mr. Peter Tabuns: Yes, Mr. Thurlow, thank you for coming in this afternoon. It's much appreciated.

When you talk about clarity after 2020, if the government were be clear in this bill that clarity after 2020 was a 2%-per-year or 4%-per-year reduction in free allowances, is that the kind of clarity you're looking for, or are you saying that there should be no burden on these companies after 2020 to contribute to this plan?

Mr. Scott Thurlow: I didn't say the latter and I don't necessarily agree with the former. What we would like to see is a detailed target about what those reduction targets will be. For the minister to say, "By 2030, we're going to be at X% below our 2010 number," that's not really helpful because we don't know how it's going to be allocated between every industry.

As I've mentioned, in British Columbia they have done a very good job of specifically saying, "We will not

increase additional costs on energy-intensive, trade-exposed industries because we know that all that's going to do is"—as my friends from the manufacturers said earlier—"have BC cement go to Washington." We know that the capital flight out of Ontario would be significant, if those protections aren't there.

That having been said, to the second point that you were going to make: Our industry has done its share. We have reduced emissions by two thirds since 1992, which is the pre-Kyoto number—by two thirds. In the original outlay of time since then, the low-hanging fruit is gone, which means that the fruit that is left are very, very difficult to get to. But, again, we're up to the challenge. We need to know what that challenge is, because as I said in my remarks, business planning for our industry is seven to 10 years. We can't make the investments that we need to make to meet those targets unless we know what they are seven to 10 years out.

Mr. Peter Tabuns: Do you make your products primarily for the Ontario market or for the North American market?

Mr. Scott Thurlow: The vast majority of our products are exported, so we are competing with the markets in Michigan, in New York, in New Jersey, in Louisiana. Very few of our products stay in Ontario. It's a global market.

Mr. Peter Tabuns: Does most of your feedstock come from outside of Ontario?

Mr. Scott Thurlow: No, actually. For example, BioAmber and JBL, two companies that I referred to in my presentation—100% of their feedstock comes from within the province. With JBL, that's Ontario corn. So if something happens to JBL, that's a market for our grain farmers which won't exist in the future.

Mr. Peter Tabuns: What do you see as the long-term impact of climate change on your industry?

Mr. Scott Thurlow: That's an interesting question. I would tell you that the long-term impact is going to be a positive one for our industry, as our industry is the innovating industry that will allow for change, both from mitigation and adaptation, to come to fruition. What we want to do is make sure that all of that investment and all of that research and development is focused here in Ontario so that we are best-positioned to benefit from the need to invest in the sector.

Mr. Peter Tabuns: Okay. I have no further questions. Thank you very much.

1650

The Chair (Mr. Grant Crack): Thank you. You're out of time, Mr. Tabuns. I appreciate that.

We move to the government. Mr. Potts.

Mr. Arthur Potts: Thank you, Scott, for being here—Mr. Thurlow.

Mr. Scott Thurlow: "Scott" is fine.

Mr. Arthur Potts: I want to talk to you a little bit more about this—I think that you talked about almost a penalization of those companies in your sector that have done the early adoption and that already made the reductions. How else do you address this? If we go down

a route of just 4%, 4%, 4%, then it doesn't seem to take into consideration all the good work that has been done over the last 20 years. How, otherwise, would you want us to capture that?

Mr. Scott Thurlow: This is where legal counsel comes in really nicely. That's going to be an issue of competitiveness. We put it right back on you and say, "As long as it's predictable and as long as we have enough time to see it coming, we are going to do everything we can to ensure that we can meet the demands that are placed on us." But it has to be longer than four years. It has to be into that seven-to-10-year window.

But the point that you are making is: Are there industries in Ontario that haven't seen the same reductions as our industry has? Absolutely. Should they have a target that is larger than ours? Absolutely.

Mr. Arthur Potts: Would you see an opportunity to do an assessment of firms internationally, in the same business—performance measures, performance mandates—and see how they are performing on a carbon basis and make that comparison, or make the argument that you are already way ahead of people in other parts of the world who haven't undertaken the voluntary adoption of carbon reduction that your organization has?

Mr. Scott Thurlow: Again, that's a very interesting approach and so much of how that type—you use the term "benchmarking" but it's not the only viable term to use in this approach. You have to be very, very careful in how you do that benchmarking and how you pick your time period and the factors that go into that.

The other issue, again, is we've seen an increase in our costs on electricity. The environment is the beneficiary—the cleaner air in Ontario is the beneficiary—but let's be clear: As a result of the elimination of coal, we have seen some costs go up. We are bearing that cost. It's a cost that, as an energy-intensive, trade-exposed sector, we are absorbing, but at some point there's a limit to how many costs we can absorb.

Mr. Arthur Potts: I know your industry is not ever advocating to go to the bottom of the barrel like people do around the world, whether it's the labour rates and all those types of issues. So I know there's a lot of resilience to continue to work here and work with us. With cogen systems—yes, you need those cogens as part of the operation, like with a greenhouse. They actually run them in order to create CO₂ for the tomatoes and they get the electricity and the heat afterwards. But aren't there also opportunities to capture emissions for cogen operations where the CO₂ had been into bio-oils or other—where you can still continue to use them but you render them carbon-neutral?

Mr. Scott Thurlow: You're quite right. The southwestern part of Ontario is replete with examples where CO₂ is captured and reused in processes. In the immediate near future, though, industrial cogeneration isn't in a position to benefit from that kind of a process, but we will see an increase in the costs associated with the power which is generated to facilitate the existence of the bioreaction.

We have advised Ontario that they should replicate what has been done by President Obama's regime, which is an explicit exemption for industrial cogeneration, because there are other benefits which accrue by having industrial companies like JBL generating their own electricity and keeping it off the grid. The most important one is that they are not drawing from the grid.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it.

We'll move to the official opposition. Ms. Thompson.

Ms. Lisa M. Thompson: Thanks for being here today, Scott. I heard you say earlier today that the current Liberal cap-and-trade scheme does not adequately protect Ontario businesses with regard to the competitive edge that other jurisdictions have. Can you expand on that a little bit? What do you see happening already by neighbouring states to attract business out of Ontario?

Mr. Scott Thurlow: I am going to be as diplomatic as I can and say that the department has done a very, very difficult job. They have developed an economic-based model that is creating various variables to account for the differences in businesses across the province.

Our view is that, by providing a full allowance to the energy-intensive, trade-exposed sector, they should actually do that. They should provide a full allowance. But the formula that they have created includes a variable that will allow, as I said, for decreases of about 5% per year. Other jurisdictions don't have to do anything to incent businesses to go there when there are carbon charges in Ontario that are not faced in other jurisdictions.

Ms. Lisa M. Thompson: Okay. Aside from the one company that has already chosen to go to Louisiana, I believe you said, are you getting signals from other businesses that it's like, "Ontario had better smarten up or we're going to pack up as well"?

Mr. Scott Thurlow: I wouldn't put it in such stark terms. My position here is to be a harbinger of what could be coming in the future. As I've said, what we'd like is that predictability, that stability, to know what the targets are going to be in the future. If we don't know what they are in the future, we can't plan for them.

Ms. Lisa M. Thompson: To that end—I'm sure you've had many meetings with this government and with the Ministry of the Environment and Climate Change as well—we heard earlier today that the Canadian manufacturing association is concerned that we haven't seen the economics. There are glaring gaps, to your point about what's beyond 2030. If you were to look into your looking glass, so to speak, if we stay the current course, what shape will Ontario be in in 2030?

Mr. Scott Thurlow: There are a few assumptions in that question that I'm not in a position to acknowledge.

Ms. Lisa M. Thompson: That's fair. What do you see in your looking glass?

Mr. Scott Thurlow: Right now we need the predictability to know what's going to be coming down the pipe in seven to 10 years. There are fierce global competitions for the \$150 billion that our industry has to put forward.

There are other advantages that come with doing business in Ontario and in Canada, one of them being the proximity to the largest market in the world.

Ms. Lisa M. Thompson: Okay. Thank you.

The Chair (Mr. Grant Crack): Very good.

Mr. Jim McDonnell: More time?

The Chair (Mr. Grant Crack): You're already over three minutes.

Mr. Thurlow, thank you very much for coming before committee this afternoon.

Mr. Scott Thurlow: Thank you very much.

SUSTAINABLE PROSPERITY

The Chair (Mr. Grant Crack): Next on the agenda, we have via teleconference Mr. Stewart Elgie. Mr. Elgie, are you with us this afternoon?

Mr. Stewart Elgie: I am.

The Chair (Mr. Grant Crack): Did I pronounce that correctly?

Mr. Stewart Elgie: Almost. There have been two Elgies.

The Chair (Mr. Grant Crack): Elgie?

Mr. Stewart Elgie: You obviously weren't around when my dad was working there.

The Chair (Mr. Grant Crack): Very good. My apologies. I appreciate it.

I believe you're from Ottawa, so we welcome you this afternoon to make your presentation. You have 10 minutes to make your presentation, followed by nine minutes of questioning from the three parties. The floor is yours, sir.

Mr. Stewart Elgie: Great; thanks. I'm sorry for doing this by telephone but I just literally finished teaching a class on climate change law, ironically, so I couldn't be there in person.

I'm going to go through a slide deck. I assume you guys have that in front of you, is that correct?

Do people have the slides in front of them? Hi, can you guys hear me?

Interjections.

Mr. Stewart Elgie: Do people have the slides in front of them?

Interjection: Yes, we do.

Mr. Stewart Elgie: Okay, thanks. I'm Stewart Elgie; you've got a quick bio of me there. I'm the head of Sustainable Prosperity, which is the largest environment economy think tank in the country. I'm also a member of Canada's Ecofiscal Commission. I'm not testifying on behalf of the ecofiscal commission, but I'll reference a bunch of its work on carbon pricing, which some of you may have seen before.

I'm going to talk about four basic points in terms of the bill: one is the context for shifting to a low-carbon economy; the second is basic research on carbon pricing—I'll probably spend most of my time on some of the design features of the law and then finally a couple of thoughts about ways it might be improved, or suggestions.

Skipping over to the next slide, the starting point, I guess, is that if you look at a series of reports in the last three years that have come out from most of the world's most respected economic authorities—the OECD, McKinsey, the World Bank, Citibank, even the Canadian Council of Chief Executives—they've all essentially said that we're on the verge of a fundamental structural shift in the global economy towards greener growth. That means rewarding things like energy efficiency, reducing pollution, and clean innovation, and that firms and jurisdictions that do better at these things are going to be the most successful economically in terms of generating wealth and jobs in the decades ahead. There are various numbers on them, but the one that gets quoted most often is that this is a \$90-trillion economic opportunity over the next 15 years in terms of projected expenditures.

1700

This opportunity occurs across all parts of the economy. If you go to the next slide, I've given some of the early evidence showing this. The places we see it most obviously are in things like the massive growth in clean energy that has outpaced the rest of the economy dramatically across the world, even in places like China, where it's now outstripping investment in new coal plants, or—the next slide—the massive growth in investment in electric and hybrid vehicles.

If you look at the fastest-growing parts of the economy—this green economy—that also includes areas like natural resources and manufacturing. It's not just some of these new parts of the economy. If you go to the next slide, what's really driving competitiveness in a lot of these areas is technological innovation.

Two examples are the dramatic decrease by a factor of fivefold in the last eight years where we've seen a drop in costs for solar power, for example, or for electric car battery costs. Those slides show you how much those costs have come down. The lines on the bottom show that they're now almost cost-competitive, in the case of solar power, with coal energy, or, in the case of electric car batteries, with internal combustion engines. They're not quite there yet, and obviously the cost-effectiveness differs by plant and location. A massive investment and a massive change in technology is really driving this fundamental shift in markets, which will drive energy and transportation, which are two of the fundamentals of our whole economy.

The basic point—and obviously I'm talking about a huge issue in two minutes—is that if you look at this fundamental shift in the global economy, it makes a lot of sense for Ontario to position itself to prosper in this changing economy.

Three weeks ago at Globe 2016 in Vancouver, we launched a new initiative called Smart Prosperity, which has behind it the CEOs of some of the largest corporations in Canada as well as the leaders of major environmental, aboriginal and social groups, all of whom have rallied behind an ambition to make Canada and Ontario a global sustainability leader within the next 10 to 15 years and have put out a specific policy road map to

get there, which includes the four points listed on that page: accelerating clean innovation, investing in clean infrastructure, boosting energy efficiency, and pricing carbon, which drives all of these things.

That's a whirlwind tour through at least my take on where the economy is going.

Switch to the next slide, which is moving to this legislation and carbon pricing. Putting on my hat with Sustainable Prosperity and Canada's Ecofiscal Commission, we've done a ton of modelling and research in the last few years looking at different ways of meeting climate objectives. There's unanimous agreement—or almost unanimous agreement, if you don't count Terence Corcoran—that pricing approaches are the most cost-effective way to reach a climate target.

For example, the modelling we've done at the ecofiscal commission shows that using pricing compared to traditional regulations achieves a 2.5% better GDP outcome for Ontario by 2020. You get a lot of debate about whether a tax or a cap-and-trade system is the better system. We've debated it at the ecofiscal commission, and I can tell you that where we end up is that either of them can be equally effective, depending on how they're designed. If you design a cap-and-trade system well, it'll be effective; if you design a carbon tax well, it'll be effective. So the debate about which kind of pricing system is not that important.

The other point is that putting off taking serious action has huge costs associated with it. The longer we wait to take serious action to meet our climate targets, the more costly it is. Ontario should be commended for moving forward with this law. It's a smart way to go.

The other thing that a pricing approach does is, it promotes innovation because it gives companies flexibility about how they'll achieve an environmental target and it gives them an economic reward for every unit of reduced emissions they achieve, which is fundamentally what drives innovation. The more pollution you reduce, you can make more profit. Clean innovation is what's going to drive both environmental and economic success, to a large extent, in the new economy across all sectors.

The last point is just that while pricing is important and it really is probably the single most important thing to do, it's not the only thing to do. I won't spend as much time on other elements today, but other parts of the policy mix, the parts that I talked about in the last slide—infrastructure, innovation and energy efficiency—are also going to be critical to meeting our climate targets.

I'm just going to plow through this stuff because I can't see you and so we'll do questions at the end, but if there's a desperate question as we go through, maybe the Chair or someone could just cut in and let me know.

The Chair (Mr. Grant Crack): There are no questions yet. Are you finished with your presentation?

Mr. Stewart Elgie: No, no. I'll go through a few more slides, but I just wanted to make sure that someone wasn't desperately trying to ask me something.

Let's move just to a couple of design elements. If you step back and ask fundamentally what makes a carbon

pricing system effective or ineffective, the most important things are the three variables I have on slide 9, which is: How stringent is it—and stringency is a function both of the emissions target and the price; and the third part is coverage, how much of the emissions are covered.

If you look at Ontario's system through that lens, the stringency is actually quite good. The target Ontario set is not the strongest in the world, but it's among the leading pack. Ontario's annual reduction in its cap each year, which is about 4.2%, is actually a little bit more ambitious than Quebec and California; they're more like 3%. So Ontario is doing pretty well in terms of stringency, but it isn't so far out ahead that it constitutes an economic risk. It's leading, but not bleeding, I guess you could say.

From a price perspective, what Ontario is doing is starting with a modest price on carbon. That actually makes sense as well. Starting with a high price immediately isn't going to drive change, because people can't adapt overnight—either businesses or individuals—so starting with a modest price is appropriate. The key thing is that you want to drive investment. The way to drive investment is by giving people a clear expectation of what the price trajectory is going to be in the future. When people are making five-, 10-, or 20-year investment decisions, giving them an expectation that there will be a significant and rising price on carbon—we don't know that yet with this bill.

The one thing I guess I would say is this: To the extent that our pricing system will be linked to California and Quebec, it might be valuable to actually add a power to put a supplemental floor price on. The UK has had to do this in Europe, because the European pricing system has ended up with too low of a price. The UK has brought in an add-on price, if you will, that they add on to the European market price. Having that power in this bill might be useful.

Let me just keep moving through a couple of other points, because I want to finish up the last thing I mentioned.

On revenue recycling options, the bill is good. It talks about reusing all the revenues for different purposes of advancing clean growth. I'm happy to deal with that in questions; I won't go into detail on it here, except for a couple of points.

By the way, the ecofiscal commission will come out with a major report on Wednesday on how to use revenues from carbon pricing systems. I've given you a couple of sneak preview slides here. One of the things you'll see is that we're recommending for Ontario that reinvesting revenues in clean innovation and infrastructure should be a high priority for economic and environmental effectiveness reasons. The slide I have there shows some of the different modelling options we've done for how different revenues could be used from this system.

The Chair (Mr. Grant Crack): Mr. Elgie, if you could just wrap up, please. We're just over the 10 minutes already.

Mr. Stewart Elgie: Okay, I must have a little different of a clock, but I'll respect yours.

I'll skip over the competitiveness and equity issues; I'm happy to look at them. Let me go to my last slide, then, slide 17. If I looked at what I think could be changed to improve this bill, I could think of two or three things. But, fundamentally, I think it's a good bill and I think it's well worth passing. It'll make a cost-effective difference. But there are three things that I think you might want to think about to improve it. One of them is—and these all come from looking at experience in other countries, particularly the UK and California—in the future, after this issue is no longer at the top of the political agenda, it will be really important to have a series of climate plans that demonstrate the government's intention to continue to raise its level of ambition. Right now, there isn't a requirement to renew the plan; it's optional every five years. So I would think of making it a requirement that the plan be renewed every five years, rather than optional.

The Chair (Mr. Grant Crack): Mr. Elgie, I apologize, but we're a minute and a half over already, according to my clock. We're going to start the line of questioning. I apologize for that, but we're trying to stay on schedule. We'll start with Ms. Thompson.

Ms. Lisa M. Thompson: Thanks for joining us via the phone today, Mr. Elgie. You referenced, just moments ago, clean infrastructure. Can you clarify for me, please, the sectors that play a role in the clean infrastructure that you're referencing—the energy sectors, to be specific?

Mr. Stewart Elgie: Well, infrastructure could be buildings, it could be transportation, it could be energy, it could be waste—I would consider the various types of public infrastructure that promote a low-carbon economy.

1710

Within the energy sector, anything that moves us away from carbon-intensive fossil fuels moves us towards cleaner energy. Obviously wind, solar, geothermal and potentially hydro are the carbon-free sources of energy. You can get into debates about natural gas as a transition energy source. Most thinking tends to be that we should try to minimize getting too locked into natural gas, but we're not going to be able to transition to wind and solar immediately 100%, so there's going to have to be some transition.

Ms. Lisa M. Thompson: Okay. And then you also referenced that in the EU one of the problems was that the price was too low.

Mr. Stewart Elgie: Yes.

Ms. Lisa M. Thompson: Added to that, the ceiling was too high. Would you agree with that?

Mr. Stewart Elgie: Yes. There was too much volatility. At the end of the day, what you want to do is drive corporate investment in low-carbon technology, and having a predictable rising price is the key to doing that. So what Ontario has done, which is better than the EU, is that they've put in a price floor. They've also got a cost-containment reserve for the price to get too high—the

same system California used—so it's much, much better than the experience in Europe. We've learned from their mistake.

Ms. Lisa M. Thompson: Okay. In that spirit—learning from their mistake—another reason cap-and-trade did not work in the EU out of the gate was that it was open-ended, if you will, for fraud to be facilitated. How can we avoid that in Ontario?

Mr. Stewart Elgie: Boy, it would take longer than the time we have to answer that. Some of it, for example, is rules limiting the amount of allowances that can be bought by any one entity, and the law has that, which is good. A lot of it is just like any type of securities market: having a vigilant regulator that actually looks out for elements. Fraud is a potential issue in any kind of market, and so having a vigilant regulator who looks for that is probably your best remedy.

The Chair (Mr. Grant Crack): Thirty seconds.

Ms. Lisa M. Thompson: Oh, we have 30 seconds. If you had your druthers: cap-and-trade or carbon tax?

Mr. Stewart Elgie: You know what? It totally depends on the design. You can have good cap-and-trade, bad cap-and-trade, good tax, bad tax. The big thing is this: What you really want to do is, you want to drive the level of reductions and you want to drive the price signal up, but in a predictable, gradual way. The big thing is doing that in the system—driving the price up in a predictable, gradual way and driving the emissions limit down in a predictable, gradual way.

Ms. Lisa M. Thompson: What about revenue neutrality?

Mr. Stewart Elgie: It's the question of how government should spend our tax dollars.

Ms. Lisa M. Thompson: You got it.

Mr. Stewart Elgie: There isn't a right answer on that.

Ms. Lisa M. Thompson: Pardon me?

Mr. Stewart Elgie: There's no right answer to that question. That's more of a political question.

Ms. Lisa M. Thompson: Okay. Thank you.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Stewart, it's Peter Tabuns here. It's nice to have you with us in the committee this afternoon. You had run out of time. You were talking about your recommendations and you only got to address one. Could you continue on from where you left off?

Mr. Stewart Elgie: You don't get a lot of questions like that. Where were you when I was a litigator?

Mr. Peter Tabuns: I'm sorry, I couldn't help you then.

Mr. Stewart Elgie: Let me give you the other two. In the UK, one of the most powerful things they've found, particularly when climate change was at the top of the political agenda five to 10 years ago—it's dropped off the radar now. I've actually interviewed deputy ministers, clerks of the council and former ministers. One of the really powerful things they've had that sustained momentum with changing political whims is having this external oversight body whose job it is to pass judgment on each stage of the UK's climate plan every five years

and predict whether or not that plan is likely to put them on a trajectory to meet their target, and if not, what corrections are needed. Having that kind of thing hard-wired in, particularly in the last two years, has made a huge difference in the UK in keeping momentum going when it might otherwise have wavered. I would say having something like that in Ontario, whether you do that through the environment commission or—I've given you the link to the UK's climate committee.

The third thing is—and this is more inside baseball in government. The fundamental problem you run into with climate targets is that unless individual departments are actually accountable for their share of achieving a climate target, it's going to be a second order of priority for them. So one of the things that California has done and the UK is struggling to do is actually to assign carbon budgets to each department, much the way a department has a fiscal budget, and if it fails to meet that budget, there's a whole accountability and feedback loop that's built into the system that holds their feet to the fire. Without that, you end up in this weird system where the environment department is responsible for the performance of other departments over which it has no authority and you end up with an authority and responsibility mismatch.

I would say that departmental carbon budgets are not sexy, but they're a really, really important part of driving structural change in government.

Mr. Peter Tabuns: Okay. Stewart, thanks very much. We really appreciate it.

The Chair (Mr. Grant Crack): We'll move to the government. Ms. McMahon.

Ms. Eleanor McMahon: Hi, Stewart. It's Eleanor McMahon. We met when you were at Ecojustice.

Mr. Stewart Elgie: Ah, hi.

Ms. Eleanor McMahon: I'm a friend of Albert Koehl, and we know each other well. How are you? Thank you so much for coming here today. I'm going to extend the offer that Peter made. If you have anything else that you missed that you wanted to get on the record in terms of your presentation—and then I have a quick question for you. So if you'd like a little bit more airtime, I'm happy to give it to you.

Mr. Stewart Elgie: Well, no. I just gave you the last two. If people want to ask me questions about the other two—and I don't think any of them are probably going to be hostile amendments. I suspect that they're things that the government wouldn't be opposed to. They just maybe didn't make it into the law.

The carbon floor price is something that will only matter a few years from now, once we see the price trajectory in California. But having that tool in your pocket may be important, so building up at least the power to do it into the law now is going to be important if it's needed in a few years.

Ms. Eleanor McMahon: A quick question for you then: You talk about your carbon pricing being a smarter approach and the better GDP outcome that Ontario could achieve versus inflexible regulations. Can you tell me what you mean by inflexible regulations?

And by the way, just a quick point, if I may: It's so nice to hear some very positive, hopeful, lots-to-be-gained-by-doing-this kind of examples. So thank you for that. It's a breath of fresh air. Pardon the pun.

Mr. Stewart Elgie: I'm just relaying to you what other more economically informed people around the world are saying already. Take McKinsey's and the World Bank's word for it, not mine.

In terms of inflexible regulations I mean, for example, the approach the federal government took in mandating coal power regulations by imposing the same regulatory standard for coal-powered generation across the whole country. If we were to meet our climate targets by putting a mandatory regulation on every sector of the economy, saying that every firm must meet this level—which is the way we usually regulate pollution—as opposed to allowing pricing and trading.

The benefit of pricing and trading is it allows firms that can do things in a more efficient, productive way to do more of the work and other firms to pay them to do it, just like any other market transaction encourages efficiency. For the same reason that our modern economy and the efficiencies in it have been built on markets, creating markets for pollution reduction also drives efficiency and cost-effectiveness.

Ms. Eleanor McMahon: You say that delay is costly. Is there anything more that you want to add on that front? We've had some comments on that today. It's important, I think, for context, to talk about the cost of doing nothing, which is significant.

Mr. Stewart Elgie: It's not as if climate change will not have a cost. I don't know if the insurance industry will be testifying before you, but one of the things that strikes me when I go to these global climate meetings is that the insurance industry often sounds more like an environmental lobbyist than Greenpeace, because they're on the paying end of environmental change. They really understand that some of the severe weather costs, for example, have quadrupled in the last couple of decades, whether it be changing lake levels in the Great Lakes or loss of winter roads up in northern communities. We're just seeing the tip of the iceberg of some of these changes. There are going to be large environmental costs and the cost of meeting our target—meeting our target is about changing infrastructure and technology fundamentally. You can't do that on short notice. The infrastructure investments that we make in the next three or four years and the technology investments we make in the next few years are going to lock in the kind of economy we're going to have in 15 to 20 years.

To go back to the revenue recycling question, personally, that's why I'm actually a supporter of using a large chunk of the revenues now to invest in next-generation infrastructure and technology, because we need a large pulse of investment now to build the physical architecture of a low-carbon economy. That doesn't mean that in five or 10 years we may want to shift that towards more tax refunds or other ways of dealing with other economic issues. But in the short run, given the infrastructure and fiscal challenges we face, I'm a supporter

of putting a large pulse of it into infrastructure and technology, and so is the ecofiscal commission going to be on Wednesday; you'll see.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Elgie, for coming before committee via teleconference this afternoon. We appreciate your comments. Have a great afternoon.

Mr. Stewart Elgie: It's much appreciated. Thank you, all. If you need to reach me, you've got my email there. Bye.

ONTARIO ENVIRONMENT INDUSTRY ASSOCIATION

The Chair (Mr. Grant Crack): Next on the agenda we have the Ontario Environment Industry Association. We have Alex Gill, who is the executive director. We welcome you, sir.

Mr. Alex Gill: Thank you. I'm happy to be here.

The Chair (Mr. Grant Crack): Great. The normal rules set in: 10 minutes for your presentation, followed by nine minutes of questioning from the three parties.

Again, welcome. The floor is yours, sir.

1720

Mr. Alex Gill: Thank you very much. On behalf of Ontario's 3,000 environment and clean-tech companies, I'm very happy to be here today. To continue the theme of our last speaker, I'd like to focus my remarks today around the opportunity that we're facing when it comes to the transition to a low-carbon economy. We have an incredible resource here in Ontario in the environment and clean-tech sector, so one of the things that I want to draw your attention to is: How best can we structure this transition so that we get the maximum economic benefit back to Ontario?

I know you're going to hear from a broad range of stakeholders. I've circulated, I believe, to everybody on the committee our formal response to the previous EBR posting. What I want to do is very clearly state that we've always been on the record for what we would consider not only outcome-based regulation but the idea that pricing drives environmental technology uptake and that markets have an important role to play in delivering environmental goods.

The companies that are in my membership—and we've been in existence for more than 25 years, but what I would call environment and clean-tech companies in this province have been around since the 1890s. They're delivering economic goods to this province, they're employing people and they're creating a lot of wealth. The challenge we have is: How do we create more of those companies through a cap-and-trade system to make sure that we deliver the public goods we need but that we involve the market in a very substantial way?

There's a lot I could talk about today, but I just wanted to draw your attention to, essentially, three key things. I wanted to scope out the size of the opportunity that we're talking about and some of the key things about that opportunity.

Number two, I wanted to talk about the specific job creation challenge we have in Ontario, specifically when it comes to clean tech. We have an incredible opportunity here to create a lot of jobs and a lot of wealth in Ontario, but we also have an incredible opportunity that could pass us by if we don't get it right. If I hear one thing from the members I represent, it's often: "We have to get this right. This opportunity only comes along once."

The third thing I want to talk to you about is the specific nature of the environment and clean-tech sector, because understanding that will also help us in this legislative endeavour and also tee us up for the regulatory piece as well.

In terms of the economic opportunity, you've probably heard it from all the other speakers, but the opportunity here is very real. The travel that I do around the world—and we have members who are active, probably, in 60 or 70 different jurisdictions around the world. The world is facing the same challenge. We're at a key point where we can probably steal a march on some of the other jurisdictions in the world. The competitive clock is ticking. We can't afford to sit back and say, "Maybe we can get this right. Maybe we can do something small over here." We need something that is not just about compliance with a new system; the thing I need to stress is that it's about a commitment across all levels of government and all levels of society. It's about a commitment to the transition that we need to make. The joke that I make in the office is: In a bacon-and-egg breakfast, the chicken is complying but the pig is committed. We need commitment across so many different levels of Ontario society.

The mechanisms we're going to put in place: It would be very easy to do what has happened in some other jurisdictions and make what I would say would be a convenient announcement or, "Here's a structure where we can say: Yes, we have done something. We're complying with our international obligations." We don't believe that's what is in the scope of this piece of legislation, and we're very encouraged by it.

We need a mechanism that's going to work, because if we don't get it right, it's not just that the other jurisdictions of the world are going to develop the next generation of technology that's going to eat our lunch, but they're going to eat our breakfast and dinner as well. There's a huge opportunity on the table, but if we don't get it right in Ontario, we're going to be sitting back in 20 years' time and saying, "It's too bad we're using all this technology from Germany and from Spain and from China."

We also don't want to—and our previous speaker was talking about the pricing issue—place the burden on companies to a point where it's so minimal that they can begin to buy their way out of it, but not so maximum that it's going to shut them down. We need to find that sweet spot where it's a declining cap and an increasing price that sends a very clear signal to the market. We're calling upon government here to do something that is usually within the ambit of a free market: pricing things. The challenge is that the atmosphere is a common good; the

market is not going to price that for us. That's why we need government to step in and say, "Here's how this is going to work." But once that is done, we've created a set of rules under which companies can compete and under which companies can actually understand the mechanisms of the market.

The second point that I want to make is around the nature of the jobs we're going to create in this sector. We're facing a job creation challenge. One of the other things I do in my spare time is that I moderate the G20 round table on entrepreneurship. It's not just Ontario that's facing the same challenge around creating quality jobs; it's the entire G20. We have a lot of people in the world who are saying, "The new economy is going to pull us out of where we are. We're going to create as many jobs in the tech economy, for example, as we may be losing in the traditional economy." While the tech economy is going to create a lot of work for us, the challenge we have with that—and I'm going to use two very specific examples—is that the nature of the jobs that are being created in the new economy is not exactly a one-to-one or two-to-one replacement for the jobs that we're losing.

The example I'm going to use is that if you look at the biggest private sector employer in the country, George Weston Limited, they've got about 200,000 employees right now. If we were to dig into our pockets and find enough money to buy that company, you could buy George Weston as of last week for about \$15 billion. A \$15-billion traditional-economy company generates 200,000 jobs. If you flip over to the new economy, one of the darlings of the app world before it was bought by Facebook was Instagram—if it's not already on your smart phone, it's probably on the smart phone of a lot of people you know. That company was valued at \$1.4 billion, but when it was bought it had 13 employees. The new economy is creating wealth and valuation; it is not creating jobs in the way that we need it to create jobs.

So we have a challenge. Lest this all be doom and gloom, the good news about jobs being created in the environment and clean-tech sector is that they are labour-intensive, they are local and they are sticky. If you want to put the right market conditions in place that create environment and clean-tech jobs—we'll create technology jobs. There will be a lot of engineers who will get a lot of work out of environment and clean tech. But when you look at the actual nature of the sector, most of the companies that are there are local. They hire a lot of local people, they create a lot of good jobs, and those jobs are very difficult to outsource overseas.

I'll give you two quick examples of that. If you were to fly out of Pearson on a morning like this, you would have de-icing fluid sprayed on your plane. That icing fluid doesn't just go into the ether; it doesn't get boxed up and burned. It gets collected in a little pad under the plane. They put it in a drum and send it to a company in Mississauga called Fielding Chemical Technologies. They employ about 70 to 80 people who take that product, and dozens of others, and re-refine them into

things that we use. The de-icing fluid that gets sprayed on your plane gets turned into a refrigerant that gets sold into the US market. That's the type of job we're talking about: It's taking things that used to be purposed as waste or used to be purposed as things we don't need, putting the right market conditions in place and creating wealth out of it.

Another example would be Walker Industries down in Niagara region—a great company. Their environmental division is continually looking at the waste stream and saying, “What can we pull out of there that we can turn into products that create jobs and create wealth for us?” I looked at Walker's website this morning when I came in just to see if I could find a jobs number for them. I was encouraged to find that—I couldn't find the actual number for the company; I think it's probably about 800 to 1,000—they had postings for 12 new jobs on their website as of this morning and a very nice optimistic tag over on the side that said, “Could you register here? We're always hiring. We're always looking.” That backs up the experience of our member surveys. The last survey we did of our members said that 75% of them were planning to hire people in the next year.

What I like about representing the clean-tech sector is that we have one of the few job creation hot spots in the Ontario economy. The challenge is, through opportunities like the cap-and-trade system, how do you get that working on a much better level to generate much better wealth and much better work?

That leads to my final point, which is understanding the nature of the companies that are in this sector. We've seen a wholesale transformation in everybody's economy globally. The large companies creating jobs, the jobs that our parents had, the jobs for life, the big corporate jobs, have transitioned to SMEs. SMEs are responsible for, according to whatever stat you find, between 80% and 95% of net new job creations since 1980 in North America. That's a stat from the Kauffman Foundation in the US. That's a very interesting thing, because it's not the large companies; they are remaining steady or declining a little. The SME sector is generating a lot of wealth and a lot of jobs.

In the environment sector, it's very much that case, except we have ultra-SMEs in this sector. According to the StatsCan definition, 500 employees is a small to medium-sized enterprise. That's a mammoth multinational in the environment and clean-tech sector. Our companies are between 20 and 50 employees, generally. The good news is, there's a lot of room for those companies to grow. They have great technology, great access to markets and great potential. The challenge is that the opportunity costs that those companies face when trying to understand government regulation, when trying to access government programs, are very considerable. If you have a 1,000-person company, and a new government program comes out, you can throw two or three people at it and they can figure it out. If you take one or two people away from a 20-person company, that's 5% to 10% of your capacity that's gone and put onto

something. So we need to make sure that what comes out at the end of this is able to fit in a sector that is not a big-company sector.

1730

The Chair (Mr. Grant Crack): Okay.

Mr. Alex Gill: We're close to the time?

The Chair (Mr. Grant Crack): Just very, very quickly. We're over the time already, but you get an extra half a minute.

Mr. Alex Gill: I will quickly wrap up. The last point I want to leave you with is: I'm sure you've been following Tesla in the news in the last little while. Tesla is not yet an ONEIA member. Tesla, according to the news feed that I saw this morning, has booked \$10 billion in revenue by selling 275,000 electric cars in advance. That's a great news story, isn't it? That's awesome. I wish it were an Ontario story. I wish I could have put my name on that list. The reason it's a California story is, starting in the 1960s, they set a very strong and increasing emissions regulation that sent a clear message to the market: Emission regulation is going up, not down, but if you can accommodate this, this will make you a lot of money. That's why Tesla is where it is, and in 20 years' time, we need to be looking at Ontario in the frame of clean tech, with the act that we're looking at today being one of the major starting blocks.

That's my presentation. I'm happy to take—

The Chair (Mr. Grant Crack): Thank you very much. We appreciate your comments. Mr. Tabuns will begin the line of questioning.

Mr. Peter Tabuns: Alex, thanks very much for being here this afternoon. I want to go to your presentation, your document here, “Transparent allocation of revenues from cap-and-trade will encourage the trust the system needs.” First of all, the act, as written—is it not adequately transparent?

Mr. Alex Gill: I think there is an adequate level of transparency in there. We put this in as a reminder that we have seen numerous examples—not just in Ontario but in other jurisdictions—of where government will put a policy in place to say, “This will be earmarked for that,” and in successive budgets, in successive omnibus bills, a small change is made here or there, and 20 years down the road, somebody will turn around and say, “I remember voting for that; where did that go?”

We will continually remind people that this is a tremendous resource for the transition we have to make. Taking these resources and using them to help companies make the transition is going to be very important, but we need to make sure that we continually keep that on our radar because it's very easy for it to slip.

Mr. Peter Tabuns: Now, you also say in here, “The province should clearly and unambiguously allocate 100% of such revenues to measures to reduce carbon emissions....” This is an issue that's come up a number of times. We can put everything into carbon reductions today, or we can put most into carbon reductions with some for measures that would have a longer term before they would actually have impact. What do you say is the ratio between those two?

Mr. Alex Gill: Oh, that's a tough question. I will answer the question in a little different way. I agree with the premise of your point: We need to look at the measures which are going to get us the best overall net reduction in whatever time frame we choose. The thing I will put on the radar, which I didn't get a chance to in my remarks, is that we often look at things like research and say, "We need to put money into research on new technology." The reminder I would put in there would be: You know what? When we research new technology and try to grow companies from scratch, we get a much better multiplier and a much better return on investment if we look at companies that are already existing. If we look at buying technology off the shelf from another jurisdiction, are we going to get the benefit in Ontario that we do? Maybe not. So I'm agreeing with the premise of your question, but I'm saying that there's a different way to kind of slice it up.

Mr. Peter Tabuns: Okay. And you talk in the rest of this document about a variety of other financial measures that would support innovation. In your thinking, we should be going far beyond the revenue from cap-and-trade itself. We should be harnessing other parts of the government's financial system, its resources, to encourage the transition. Is that an adequate reading?

Mr. Alex Gill: That's absolutely fair, and I'll just highlight two quick points there. Government can be a market-maker when it comes to adopting new technology. The government of Ontario is one of the biggest purchasers of products and services in the province. When we have foreign competitors coming into this province, often the first clients they have are their own governments. The Canadian company sitting next to them will say—there will be two vendors. They'll turn to the Ontario company, and the Ontario company will say, "We want you to be the first purchaser." So Ontario as a market-maker has a role.

The other point I'll make is, traffic control within the government itself, making sure that the left hand knows what the right hand is doing, is incredibly important. The government's made a very progressive move here to say, "We want innovation and cap-and-trade," but one of the most oft-repeated comments I've heard talking with branches of government other than MOE is, "Could you tell us what's going on with the cap-and-trade system, because we're not hearing it inside?" So we're in the unwitting circumstance of actually having to take what we're learning inside MOE and disseminate it to other levels of government. We think government can actually learn from that.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Hoggarth from the government side.

Ms. Ann Hoggarth: Thank you very much for your presentation. It was very informative. I agree that we have to get it right and we need to take advantage of this economic opportunity. However, what I also hear you saying is that time's a-wasting. Other jurisdictions will be

out in front of us, should we delay unnecessarily, and we'll be eating their dust.

My question to you is, what policy mechanisms do you think will be the most effective to help reduce GHGs in Ontario and improve Ontario's economy?

Mr. Alex Gill: Well, that's a question that could take about 30 minutes, so I'll try to give it to you in two.

The biggest thing that we can do is give the market a clear and consistent signal that there is a price associated with emissions, but then free up the companies that can provide the technology and services to reduce those emissions. There's an entire resource of companies in Ontario that have technology, that have approaches and have services, and the minute the big emitters get the signal, "We need to decrease this over time to that point," that's where the market mechanism kicks in, and Ontario companies come in and compete. So the single biggest thing that's going to come out of this is the declining cap, the increasing cost and the mechanism whereby the market can come in and compete for the best outcome.

Where it will get a little mired—and this is not where I think we're going to go—is if we begin to get prescriptive around solutions. If there's anything in the regulatory phase where MOE will take a more active role to say, "That technology, not this one," that's where we will come to the table. I don't think that's where it's going to go, but if that's where it goes, we will come to the table and say, "No. Let the companies and emitters figure it out. Measure the final outcome strictly and enforce it."

Ms. Ann Hoggarth: Thank you so much.

Ms. Eleanor McMahon: Do we have a moment, Mr. Chair?

The Chair (Mr. Grant Crack): You have a minute. I'll give you another minute.

Ms. Eleanor McMahon: Thank you.

The Chair (Mr. Grant Crack): You're welcome.

Ms. Eleanor McMahon: Hi, there. Terrapure is in my riding.

Mr. Alex Gill: Oh, a fantastic company.

Ms. Eleanor McMahon: Yes, they sure are. I know they're very active, and they are a company that is benefiting from putting a price on carbon right now. They're one that I talk about often.

Just touching on your comments: You say that you recommend that the province play a proactive role in helping Ontario companies demonstrate their technologies and then disseminating their solutions. Is that through de-risking or creating a marketplace to do that?

Mr. Alex Gill: That's a really good point. Part of it is through de-risking; part of it would be expanding the definition of green purchasing beyond paper clips and paper. We have green purchasing where people say, "Great. It's FSC-certified. Fantastic. We haven't printed a report; we've given it to you on a USB key." That's such low-hanging fruit.

We have infrastructure renewal that's happening in Ontario. It's not just highways; it's public buildings. Buildings are one of the biggest gains that we're going

have in greenhouse gases. Why we don't, for example, have some of the most green and efficient and LEED-certified public buildings in the world in Ontario—that's a tremendous opportunity for money we have to spend anyway.

In the case studies that we've done with our members, often the initial reaction on the upfront cost is very strong. Nobody wants to spend any more money; I completely get that. We have example after example. Water-saving technology is a great example, where you implement the technology and, over time, the cost savings on the technology reduces the cost and the run cost to far below what it was before.

The Chair (Mr. Grant Crack): Thank you. I appreciate that.

We'll move to the official opposition. Mr. McDonell.

Mr. Jim McDonell: Any comments on cap-and-trade versus a price on carbon and letting the market work on it?

Mr. Alex Gill: A really good question. I think our previous speaker kind of touched on the experience of the EU, and I think you picked up on that very well. We're agnostic around method, but we're very strong around the need. We really do need some mechanism to let the market work and we need government to take the externality and price it.

The advantages of either are well known. The carbon tax is often easier for people to understand. As our former federal Liberal leader said, "Tax what you burn, not what you earn." So it does let you shift things around.

The benefit of the cap-and-trade system is that you're integrating into an international system. Four kilometres down the road, we have got the biggest clean-tech exchange in the world, an incredible resource in trading a lot of stuff. We do have something here we can piggy-back on.

Either one will give us benefits. What we need to measure it against is: Are we going to give the clearest signal to the market? Either will, but if you want a pivot point against which to judge it, that would be my advice. It's the signal to the market and what the market takes most clearly.

Mr. Jim McDonell: We heard some of the presenters today talk about needing clearer objectives, more than just next year. They need to know where it's going so they can actually work it in. Investment takes a while, and we know that anything with the Ministry of the Environment takes essentially years to get approval. We have to get out of industry's way, and we have to give them targets to where they should be going.

1740

Mr. Alex Gill: That's a tough one because if there was one other thing that I wish Ontario companies would develop other than great emissions technologies, it's a crystal ball that could tell people where we're going to go.

The challenges we have on that front—there are a bunch of them. Predicting where the economy is going will be really tough. If we had asked people five years

ago what the future of Ontario would look like, they would have said "BlackBerry"; 12 years ago, they would have said "Nortel"; 20 years ago, they would have said "Stelco." That's why I'm a big fan of mechanisms that let the market figure it out and let things that we could never even prescribe happen.

I could offer a bunch of other observations, but for me, that's the most poignant advice.

Mr. Jim McDonell: What I heard from one of the companies that operates in Quebec is to stay away from cap-and-trade. Their point was, "We're hiring consultants and lawyers to determine how to meet the system. Just tax it, and then let us look at a way to reduce the costs. We're spending a lot of money in credits to California—money leaving the country." That part seems to be counterproductive.

Mr. Alex Gill: We've heard that, definitely, from some companies. We've heard about the benefits from others. We're representing a very broad range of companies; that's why we're doing it down the middle.

The key thing to remember is: We're coming at this at a point in the evolution of cap-and-trade where, if we were the first ones to come out or the second ones to come out and there weren't the lessons in the marketplace that we could look at, there would be a really big reason to be cautious. We're at a point now, however, where we've got the experience of Europe, of California and of Quebec. Hopefully, we can point to those and say—if not in the legislative phase, in the regulatory phase: "This is not what we want to happen. These are the benefits we need to have." We're at a point in the learning curve where it should be advantageous to us.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate you coming before committee this afternoon, Mr. Gill.

Mr. Alex Gill: Thank you for the opportunity.

The Chair (Mr. Grant Crack): Your comments are much appreciated.

INTERNATIONAL EMISSIONS TRADING ASSOCIATION

The Chair (Mr. Grant Crack): Last on the agenda for this afternoon/evening is the International Emissions Trading Association. We have Katie Sullivan, director, the Americas and climate finance. Welcome. How are you this afternoon?

Ms. Katie Sullivan: Last but not least. Are you still with me?

The Chair (Mr. Grant Crack): That is true. You do have 10 minutes, followed by nine minutes of questioning. Welcome; the floor is yours.

Ms. Katie Sullivan: On behalf of IETA, the International Emissions Trading Association, and our nearly 150 members internationally, thanks very much for inviting me here today to discuss Bill 172 and to share some insights related to carbon pricing—more specifically, cap-and-trade—globally.

I'd like to structure this around four key areas: just a bit about our membership, who we represent, our mission and our partners; why markets and trading matter, touching on some of the comments from our previous speakers; a global snapshot, which I think you'll find quite interesting and relevant—the latest and greatest in some priority jurisdictions that are also putting a price on carbon, which is happening very quickly right now; and then some key business insights and takeaways from a multi-sector business perspective to make sure that Ontario gets it right, learns from other experiences and develops the most robust cap-and-trade system—climate plan, broadly—possible.

About IETA's membership: We include Ontario's and some of the world's largest power, industrial, manufacturing and financial operations. Our members include leading firms and experts in greenhouse gas data assurance and certification: making sure that the data matters and it's properly monitored, reported and verified; brokers, trading, finance, engineering and clean technology; and—of course, something that you probably haven't spent too much time talking about but maybe we will later—a lot of the offset project developers—the aggregators—that are such a critical piece to this puzzle.

Across every continent right now, IETA's team and our membership work closely with the UN; with sub-nationals, including Quebec, California, British Columbia, Oregon, Washington; with national governments, now increasingly Canada; with multilateral institutions like the World Bank, academics, Duke, Harvard, University of Toronto and some great ones across Canada as well; and with environmental groups, including the Environmental Defense Fund—Erica, I know, joined you earlier.

Across these partnerships, our joint mission is to inform the effective design and linking of these robust carbon market mechanisms—and wanting to make sure that there's proper alignment. We can actually drive measurable environmental outcomes at least cost. That's near and dear to our hearts: the least-cost piece for business, consumers and households.

Just to be clear: IETA believes that Bill 172 and the cap-and-trade regulatory proposal do form critical pieces to help Ontario reach its 2020 and 2030-and-beyond targets, again while keeping costs low. But the sooner that business and investors have that certainty on the legislative framework and the cap-and-trade design, the sooner that business, both the mandatory and voluntary players, can begin to effectively plan, invest and thrive under future carbon constraints.

Why markets matter: I'm not agnostic, as you can imagine, regarding cap-and-trade versus tax versus hybrids, but there are lots of myths circulating globally and close to home now about the roles and merits of trading—cap-and-trade, in particular. Again, to be clear—I can't emphasize it enough: A well-designed cap-and-trade system will not only deliver certainty around the environmental outcomes—so we're talking greenhouse gas reductions that can be measured and shown to

the world that we're reaching our targets—but it also can achieve the objective of doing it at the least cost.

Other non-market climate policy approaches, standards, R&D and incentives: They do play a role, which I'll get into later, but they will not reduce greenhouse gases to anywhere near the required mitigation levels, based on the science, again while keeping costs reasonable. It's the markets and close co-operation—this is climate co-operation, cross-border, which we see in spades in the WCI—that are allowing us to reach measurable climate targets at lowest cost.

With trading comes profit-incentive power. This is what motivates companies and other stakeholders to uncover the smarter, more efficient ways to reduce their emissions. As you know, offering carrots and not just sticks can spark program buy-in and engagement across multiple sectors of the economy. I underscore it again because they get lost in the mix sometimes—but also those who are not covered entities but can find a new carbon revenue stream through potential offset credits. Trust me: Ontario is going to need a very healthy, vibrant offset system going forward.

Let's take a quick global snapshot—and I know, Chairman, that you're going to put your gavel down. For the environmental and economic reasons I've just noted, regions around the world are moving. They're moving so fast, and it's towards cap-and-trade, mostly—this is what gets lost sometimes—and co-operative solutions. When I say “co-operative,” I mean trading. Frankly, it's hard to overstate the extraordinary proliferation of these mechanisms.

I want to take a moment to say that with the 50,000-foot level coming out of the UN climate talks, where Ontario was, and was very well represented—you had the world land on a new climate change agreement, right? It's not a Kyoto world anymore; it's a Paris Agreement. You have the agreement kick-starting a new world in carbon markets. So you are seeing now how the new agreement will enable the bottom-up emissions-trading programs that are cropping up to start to link and harmonize together to reach targets.

Looking at the maps on slides 2 and 3—I won't get into it in too much detail, but—you'll see that 190 countries, including Canada, have submitted their post-2020 climate target. You'll see on the second slide that, out of all those countries, over 90 have actually included a reference to using markets and trading and offsetting in order to meet their post-2020 targets, including Canada. This is all with a view to being able to ratchet up their levels of ambition while keeping costs at a reasonable level.

Slide 4, “Carbon Pricing Worldwide”: This is what we have to update on what seems like a weekly basis these days. But I want to draw your attention to some priority areas: China, in particular, going very fast—a top priority for our business members, but I think everybody should keep an eye on it. There are seven pilot cap-and-trade systems right now, and we're talking big; we're talking the provinces, the states, Shenzhen, Guangdong and Shanghai. Now we're working with them very closely on

their national cap-and-trade system, to be launched in July 2017. We're not talking about hundreds; we're talking about tens of thousands of businesses that are going to be involved in this. Their core design elements—what are they?—in the cap-and-trade system that they're looking to: They reflect a lot of the learnings and design elements of Quebec, California and, soon to be, Ontario.

Other priority jurisdictions: You have Korea, which launched its cap-and-trade system; it's the second-largest in the world, behind the EU. It launched in January 2015. Again, it's moving fast.

1750

Another one is Mexico, a NAFTA partner, right? They have also announced at the highest level that they are going to be moving to try to link to the Quebec-California WCI by a 2017-18 time frame.

We can get into more Q&A later, if you want to learn more.

Lessons learned in private sector considerations just for Ontario—again, Bill 172, the draft regulation on cap-and-trade, critical design components—but I cannot emphasize it enough: Business needs clarity, stable rules, predictable rules and absolute transparency as well, as this program develops and reviews the modifications down the line.

Embracing and building upon market linkages is critical. The facts and economics are clear: The bigger and broader the market, the wider the range of abatement options and improved efficiencies. That top priority for Ontario has been a carbon market capable of linking to Quebec and California. I think this is something that you are sitting on where they've done a lot of work. Kudos to various people in the ministry for working closely—and I know how closely—with Quebec and California to make sure that those core ingredients in design will be capable of linking as swiftly and as practically as possible.

Again, enabling that policy harmonization and alignment: I want it to be clear that of course we're looking to Quebec and California right now for the near-term linkage opportunity. I'm not going to get into the bubbles, but there are also other markets with trading and offsets that are cropping up, especially across Canada: BC, Alberta. Some of the stories that don't get communicated are that they're also using trading and markets at various components.

Looking at how that alignment with these other critical jurisdictions might happen—and maybe not fungibility in these credits tomorrow, but potentially down the line or, at the very least, some common rules of the game, especially your businesses that are facing carbon exposure in Ontario and BC and Alberta—it makes it easier and not as gnarly—not a technical term—to comply and thrive, while keeping costs low.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Sullivan.

Ms. Katie Sullivan: Thank you very much.

The Chair (Mr. Grant Crack): We appreciate it. We want to get some questions in with you.

Mr. Potts.

Mr. Arthur Potts: Thank you, Ms. Sullivan. I would say I'd describe what I've just heard as a bit of an existential revelation about where we are right now.

I'm so proud of the government. I think this is the most important piece of legislation that we'll bring forward as legislators in this term and this session. Your description of what's happening globally, worldwide, is so critical.

We're getting great co-operation from Mr. Tabuns, as the environmental critic, and even the naysayers on the other side. We're here actually talking about it, which was unimaginable five years ago. Every person we've heard today—every industry association, environmental association and yourself—we're in the right space.

Your organization made a submission to the climate change discussion paper, and you had a whole series of prescriptions for us. How close did we get it right to where you thought we needed to be, to be linked to the world markets, linked to California and Quebec?

Ms. Katie Sullivan: The world market is keeping a very close watch on WCI. We go into how we learned from the EU, right? Well, now the EU is learning from the WCI program about what can work and what can't.

As Alex pointed out, there's no good reason why Ontario shouldn't be getting it right, given it's not on the bleeding edge of this, right? It's not the first out of the gate. It's later on out of the gate, to learn from the best practices and lessons learned from all these other groups.

There are definitely some issues—granular, design-related issues—that might require some attention more in the regulatory proposal. But I think that in Bill 172, in the enabling legislation and the movement towards linking, it is definitely on course to being right. I think you'd see a lot of businesses agree.

Mr. Arthur Potts: You've put a lot to rest, a lot of the concerns that we've been hearing, about maybe tweaking around the fee-and-dividend programs and such, and this notion that we're often getting from the official opposition that we should not be going forward because of the impact it will have on jobs and the economy; that just because there are a few trading partners in the States who may not be there, they might want to drive us down to the lowest common denominator of people still employing child labour, if they thought it would make them more competitive.

But we hear, from what you're doing, that this is so important. You talk in your response to the discussion paper about early action. We've had people talking about how you recognize those early adopters who have already moved forward so that they get recognition. Could you maybe comment about how this program would—

Ms. Katie Sullivan: It's something that we feel very strongly about business, but also government players and municipalities—those who have taken action to reduce their greenhouse gas emissions without really clear signals, maybe just thinking that inevitably it was going to happen but not knowing when.

How that is designed and how that's recognized, whether it's through allowances and special reductions

that will go into the market, or early-offset opportunities and those credits—that's how California took its approach.

I think it is important, but whatever you do decide, it has to obviously remain within the caps so the environmental integrity is retained, but also done so in a really transparent and robust manner through consultations with the various industries.

Mr. Arthur Potts: I appreciate that. Thank you very much.

The Chair (Mr. Grant Crack): Thank you. We'll move to the official opposition. Ms. Thompson?

Ms. Lisa M. Thompson: Being the good environmental steward that I am, I'd like to speak about agricultural offsets and the fact that the agri-food industry in Ontario is currently excluded from the first round of compliance in this government's cap-and-trade scheme. Our friend Don McCabe would really like to see Ontario's agri-food sector recognized for the offsets that could be realized through embracing what's happening in our agri-food industry. Again, it's been void, one reason why we have concern about the current legislation.

With that, can you talk to us a bit more about offsets and how we need to be embracing them more, and specifically agricultural offsets? Because, again, they are excluded from the compliance table for the first three years.

Ms. Katie Sullivan: So from the agri-food—that's more the broader industrials. But agriculture offsets are not excluded, or won't be, although we haven't seen the draft offset regulation yet.

The basics around any cap-and-trade system anywhere in the world—and even not cap-and-trade but emissions trading like the Alberta system. You have offsets available typically from the agriculture sector, from forestry and from waste. It's the sectors that are not covered under the regulation. If you do not have a plan or a program that really takes advantage of agriculture offset opportunities—there are all types of agriculture offset opportunities—then I think that you would be missing a

huge chunk of how to contain costs while also enabling potential linkages with our partners.

Ms. Lisa M. Thompson: So why do you think they're not in the first round?

Ms. Katie Sullivan: You will have to talk to Don McCabe about that. I don't know the nuances associated with the—

Interjection.

Ms. Lisa M. Thompson: Yes. They're not involved in the first round of compliance.

Interjection.

Ms. Lisa M. Thompson: I just asked a question. Chair, I am fed up with this government today, for the record.

Interjections.

The Chair (Mr. Grant Crack): You're cutting into your time. Order.

Ms. Lisa M. Thompson: Sorry, Katie. It's been a long afternoon.

Ms. Eleanor McMahon: Understandably long.

The Chair (Mr. Grant Crack): Order, Ms. McMahon. It's been a good day.

You have about five seconds.

Ms. Lisa M. Thompson: Sorry, Katie. I'll talk to you later.

The Chair (Mr. Grant Crack): My apologies. Mr. Tabuns?

Mr. Peter Tabuns: I'd like to thank you very much for coming in this afternoon. I have no questions.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate you coming before the committee. I apologize for the rambunctiousness at the end.

Ms. Katie Sullivan: It's the end of the day. Thank you very much for having me.

The Chair (Mr. Grant Crack): We appreciate your remarks. Thank you.

A reminder that the next committee meeting is on Wednesday, 4 p.m. to 6 p.m. We'll hear more delegations. This meeting is adjourned.

The committee adjourned at 1758.

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Joe Dickson (Ajax–Pickering L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mr. Joe Dickson (Ajax–Pickering L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Sophie Kiwala (Kingston and the Islands / Kingston et les Îles L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Arthur Potts (Beaches–East York L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Clerk / Greffière

Ms. Sylwia Przewdziecki

Staff / Personnel

Mr. Jerry Richmond, research officer,
Research Services

CONTENTS

Monday 4 April 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-883
Environmental Defence.....	G-883
Mr. Keith Brooks	
Ontario Energy Association	G-887
Mr. Bob Huggard	
Mr. Duncan Rotherham	
Canadians for Clean Prosperity.....	G-890
Mr. Mark Cameron	
Environmental Defense Fund.....	G-893
Ms. Erica Morehouse	
Canadian Manufacturers and Exporters	G-896
Mr. Ian Howcroft	
Ms. Nancy Coulas	
Canadian Environmental Law Association	G-899
Ms. Jacqueline Wilson	
Sustainability CoLab.....	G-903
Mr. Mike Morrice	
Energy Storage Ontario.....	G-906
Mr. Jim Fonger	
Chemistry Industry Association of Canada.....	G-909
Mr. Scott Thurlow	
Sustainable Prosperity	G-912
Mr. Stewart Elgie	
Ontario Environment Industry Association.....	G-916
Mr. Alex Gill	
International Emissions Trading Association.....	G-920
Ms. Katie Sullivan	

G-44



G-44

ISSN 1180-5218

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 6 April 2016

Journal des débats (Hansard)

Mercredi 6 avril 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Wednesday 6 April 2016

Mercredi 6 avril 2016

The committee met at 1601 in committee room 2.

ELECTION OF VICE-CHAIR

The Chair (Mr. Grant Crack): Okay. Good afternoon, everyone. I'd like to call the committee meeting to order. This is the Standing Committee on General Government, as you know—I'm sure that you're all aware. I'd like to welcome you all first, members of the public.

You're well aware that there have been some changes to the membership of the committee. At this point, I would ask if there are any nominations—we've lost Mr. Dickson—for the appointment of Vice-Chair? Ms. Malhi.

Ms. Harinder Malhi: I'd like to nominate Lou Rinaldi.

The Chair (Mr. Grant Crack): So you're moving the motion?

Ms. Harinder Malhi: Yes.

Mr. Arthur Potts: And I'm seconding that.

The Chair (Mr. Grant Crack): Okay. Ms. Malhi has moved that the Vice-Chair be MPP Lou Rinaldi. Is there any debate?

Mr. Peter Tabuns: None.

The Chair (Mr. Grant Crack): Are the members ready to vote? Then I shall call the question. Shall the motion carry?

Interjections.

The Chair (Mr. Grant Crack): Maybe I'd better do it by—all those that are in favour, please raise your hands. Any opposed? I declare the motion carried. I'd like to congratulate Mr. Rinaldi on being the Vice-Chair of this fine committee.

Mr. Lou Rinaldi: I guess I will not be late again.

The Chair (Mr. Grant Crack): No, that's correct. Congratulations, Mr. Rinaldi.

CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): We'll continue to move. We've got a full agenda this afternoon, members of the committee. However, today is opposition day. There is a motion being debated in the House as we speak. We will lose some time as a result of that, so I would like to just present something to the committee for consideration: that we take the questioning down to, say, two minutes, to allow each and every one—

Mr. Peter Tabuns: Per party?

The Chair (Mr. Grant Crack): Per party, I mean, yes, which would be six, and/or there is risk that the last—

Interjections.

The Chair (Mr. Grant Crack): So which two would you like to do? How about we go two minutes and 30 seconds? I could try my best to—

Mr. Peter Tabuns: Two and a half minutes is fine.

The Chair (Mr. Grant Crack): Two and a half? Okay. Is there consensus that we move the questioning to two and a half minutes?

Mr. Peter Tabuns: Sure.

The Chair (Mr. Grant Crack): Okay, there's no opposition. We shall do that for this particular meeting. I thank the members of the committee. I'll do my best to time it.

FINANCIAL ACCOUNTABILITY OFFICE
OF ONTARIO

The Chair (Mr. Grant Crack): At this point, I would like to welcome the first delegation this afternoon: the Financial Accountability Officer for the Legislative Assembly, Mr. Stephen LeClair. We welcome you, sir. You have 10 minutes. I would request that everyone please stay within your 10 minutes.

Mr. Stephen LeClair: Good afternoon. Thank you for allowing me to comment on Bill 172, An Act respecting greenhouse gas. My name is Stephen LeClair. I am the Financial Accountability Officer of Ontario. For those who are not familiar with my role, I am an officer of the Legislative Assembly of Ontario, with a mandate to provide independent analysis to members of the Legislative Assembly on financial and economic matters of importance to the Legislature. The analysis that I provide is meant to aid the members of the Legislative Assembly in performance of their constitutional responsibilities to hold the government to account and scrutinize its activities.

The mandated responsibility to provide you independent analysis to help you perform your vital scrutiny function is why I have asked to speak today. The following comments will focus on section 68 of the proposed act, which, as drafted, may hinder my ability to provide you and your fellow members with information on the fiscal impacts of the act, as well as analysis of initiatives the government may implement consistent with the requirements of section 68 and schedule 1 of the act.

Subsection 68(1) establishes an account in the public accounts called the greenhouse gas reduction account. This account will record various revenues, notably the proceeds of the auction or sale of emission allowances conducted under the act. Although the revenues will be recorded in the account, they still form part of the province's Consolidated Revenue Fund, and will be revenues recorded on the income statement of the province in the same way as tax revenue or transfers from the federal government.

Subsection 68(2) allows expenditures to be charged to the greenhouse gas reduction account for various purposes, most importantly to pay for initiatives that are considered reasonably likely to reduce greenhouse gas emissions. The amounts charged to the account are paid out of the Consolidated Revenue Fund and, similar to revenues, expenses related to these charges are also part of the income statement of the province.

In budget 2016, the government estimated that in fiscal year 2017-18 the greenhouse gas reduction account would record \$1.9 billion in revenue, and \$1.9 billion in expenses would be charged against the account. If there is a year where revenues do not match expenses, then there will be an impact on the previously estimated surplus or deficit of the province.

That being said, there could be a case where even if revenues do match expenses, there could be an impact on the surplus or deficit of the province. This would occur if some of the expenses were not on new initiatives but were tied to previously planned expenses.

On March 3 of this year, my office released a commentary on the budget which, in determining the fiscal position of the province, took the government's numbers as a given. However, the commentary also noted it was unclear to what extent these new revenues will be directly tied to new program spending or can be used to fund existing spending commitments.

It is also not clear how the \$1.9 billion in revenue relates to the \$1.9 billion in expenses listed in the budget. If some of the proceeds taken in in a given year are spent on capital initiatives, which are allowed under schedule 1, then \$1.9 billion in expenses will impose greater cash requirements on government than the \$1.9 billion in proceeds being taken in. This could mean an increase in government debt unless the projects are already included in the calculation of government borrowing requirements or are associated with already planned spending.

To determine whether or not this act will be fiscally neutral, I will need to have access to information on initiatives which may be funded in accordance with schedule 1 of the act.

I will also need information on the initiatives if I am asked by a member or a committee to undertake an analysis of the financial benefits and costs of any of the initiatives.

However, the act provides that expenditures for an initiative cannot be charged to the greenhouse gas reduction account unless the minister reviews the initiative, guided by a number of factors laid out in subsection 68(3) of the act, and provides his or her evaluation of the initiative to the Treasury Board. Since the Treasury Board is a committee of cabinet, the minister's evaluations of the proposed greenhouse gas reduction initiatives will, in all likelihood, be considered "cabinet records" for the purposes of the Freedom of Information and Protection of Privacy Act.

As Financial Accountability Officer, I have the power to access information held by ministries, which I need to perform my mandate of providing the Legislative Assembly with economic and financial analysis. My power to access information is subject to an exception which allows ministries to refuse my office access to cabinet records, including Treasury Board submissions. I am becoming increasingly concerned that ministries are claiming that too wide a range of government information falls under the cabinet records exception. I plan to speak to this issue and the ways in which I believe it might be addressed in my annual report, coming this July. I will look forward to speaking to you and your fellow members about my concerns surrounding cabinet confidentiality when the House returns this autumn.

In the meantime, I would like to highlight one of my particular areas of concern, which is relevant to subsection 68(3) of the proposed act. Even where ministries decide that a record is protected by cabinet confidentiality, the Freedom of Information and Protection of Privacy Act requires them to disclose "as much of the record as can reasonably be severed" from the cabinet confidential portions of the record.

1610

Responses to information requests that I have submitted to date seem to indicate that the way in which Treasury Board and cabinet submissions are structured often allow ministries to claim that it is impossible to sever any portions of the record and prevent its disclosure altogether. Should this be the case with the minister's evaluations of proposed greenhouse gas reduction initiatives prepared under subsection 68(3), I will likely be unable to access them.

Although it is true that subsections 68(6) and (7) of the act require the minister to report to the Legislative Assembly annually on initiatives funded out of the greenhouse gas reduction account, the text of those provisions suggests that the level of detail included in the annual report about each initiative will be much lower than what the minister will submit to the Treasury Board about the initiative for the purposes of subsection 68(3). I will need access to the additional details the minister considers in his or her evaluation of the initiatives in order to perform analyses concerning those initiatives.

Accordingly, I suggest that members consider the manner in which the minister might structure his or her evaluation of the initiatives for the Treasury Board in order to maximize the disclosure of those details. Members may wish to consider explicitly incorporating the requirement that the submissions be so structured in subsection 68(3). Members may also wish to consider whether the minister should be required to publish his or her reviews of initiatives approved by Treasury Board.

My office is undertaking a project on cap-and-trade and will be seeking clarity on some of these issues I have highlighted. At the moment, though, I once again thank you for the opportunity to speak to this bill and raise the concern I have with respect to the potential that the bill, as currently drafted, may affect my ability to provide information and analysis to members of the Legislative Assembly.

The Chair (Mr. Grant Crack): Thank you very much, Mr. LeClair. I appreciate that. We'll start with the official opposition: Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for being here today and sharing your concerns. Certainly they reflect our concerns, as well.

But I want to talk about how many other jurisdictions are taking a different approach to a price on carbon. Do you feel that the money raised through cap-and-trade should be given back to taxpayers?

Mr. Stephen LeClair: My role here is to provide independent analysis on the bills that are before the government; it's not to weigh in on the policy decisions of government, so I'm not going to comment on that.

Ms. Lisa M. Thompson: Okay, fair enough.

Let's go back to section 68 of the bill, which allows the government to justify the use of the funds generated by cap-and-trade on virtually anything, with little to no transparency. You mentioned that you're going to share your concerns in your report that comes out in July. Is that correct?

Mr. Stephen LeClair: With respect to this act, no. What I'm doing in July is I will be, generally, in my annual report talking about concerns that I have with respect to access to information in general. It has been an issue that I've had with a number of information requests I've filed.

For this report, what I am respectfully suggesting is that members might want to consider making it so that in the legislation it explicitly recognizes that the submissions be structured so that certain information can be severed or, in addition, make it a requirement that any initiative approved by Treasury Board be publicly released.

Ms. Lisa M. Thompson: Okay, I appreciate that clarification very much.

When you take all things into consideration—and you do reflect on other jurisdictions and individuals in similar roles to yours—do you feel that they have greater access or easier access to information, compared to how it's set up right now?

Mr. Stephen LeClair: In Canada, the only other role similar to mine is the Parliamentary Budget Officer in

Ottawa, and we know the experience that office has had publicly.

I do not have the same access in Ontario as people such as the Auditor General and, I believe, the Environmental Commissioner have with respect to disclosure of cabinet information.

Ms. Lisa M. Thompson: Thank you.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate that. Mr. Tabuns for the third party.

Mr. Peter Tabuns: Thank you, Mr. LeClair, for being here today.

I guess the first question here is about the cap-and-trade report that you're writing. When will that be available?

Mr. Stephen LeClair: Hopefully in the fall.

Mr. Peter Tabuns: Okay, not in time for us to use it for amendments.

Mr. Stephen LeClair: No, not in time. We haven't even submitted an information request on it to the ministries yet.

Mr. Peter Tabuns: Okay. If I understand you correctly—and maybe I misinterpreted your words—the way the funds are currently set up, as the money comes in from cap-and-trade revenue, if it's not expended then that actually would make the government's deficit number look better.

Mr. Stephen LeClair: Yes.

Mr. Peter Tabuns: So there might be an incentive for them to spend fairly little in 2017 until really, after June of 2018.

Mr. Stephen LeClair: I won't comment on incentives.

Mr. Peter Tabuns: If a government was interested in making its deficit numbers look better, it might slow down its revenue expenditures. Is that a fair comment?

Mr. Stephen LeClair: That's a choice of the government. I'm not going to comment on that.

Mr. Peter Tabuns: Fair enough.

You're suggesting that we amend the bill so that the public has access to the minister's review of any projects that are brought forward.

Mr. Stephen LeClair: Yes, because access to those reviews that will be brought forward—since they're going to the Treasury Board, I would expect that they would have the type of detail on the expenses related to the initiatives over a multi-year period that would help me identify whether they're new or previously planned expenditures.

Mr. Peter Tabuns: Do we have a hard copy of your comments?

Mr. Stephen LeClair: I want to apologize to the committee. It's my first time at committee and I should have brought some with me. We will make them available.

Mr. Peter Tabuns: Do you think you could make them available later this afternoon?

Mr. Stephen LeClair: I'm looking at the Clerk. Could I send you the stuff electronically and get them available quickly?

The Chair (Mr. Grant Crack): Yes, by 6 p.m. is fine.

Mr. Stephen LeClair: Okay.

Mr. Peter Tabuns: Okay, that would be great. And this question of access—as the law is written, you would be substantially excluded from getting access to these analyses; is that correct?

Mr. Stephen LeClair: I expect that would be the case because it explicitly states that the analyses of the initiatives go to the Treasury Board, and the Treasury Board is a cabinet committee. So far to date, my experience has been that anything that goes to a cabinet committee is considered a cabinet confidentiality by this government.

The Chair (Mr. Grant Crack): Okay, thank you very much.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Grant Crack): We appreciate it. We'll move to the government: Mr. Potts.

Mr. Arthur Potts: Thank you and welcome, Mr. LeClair. We're delighted to have you here and I appreciate your insights.

You commented that the greenhouse gas reduction account is in fact a dedicated account line item within the budget.

Mr. Stephen LeClair: A dedicated account—

Mr. Arthur Potts: For the proceeds.

Mr. Stephen LeClair: That has a specific meaning to it, and I wouldn't go that far.

Mr. Arthur Potts: All right. But in your analysis of the budget, you did mention that it's very clear that, within the budget and within the intentions of the bill—and, I'm assuming, within the bill itself—you're seeing that all the funds are legislatively required to go into that account and to be used in that account for greenhouse gas reduction projects.

Mr. Stephen LeClair: They're recorded in that account. They exist within the Consolidated Revenue Fund, but they're recorded in that account. Expenditures on initiatives in schedule 1 are recorded against the account.

Mr. Arthur Potts: So would that account have the same general force and effect of the Trillium Trust account that proceeds from asset sales would go into?

Mr. Stephen LeClair: I'm not positive about that. I'd have to follow up.

Mr. Arthur Potts: Because certainly that is our intention, that it would have and will have—so that it's very clear that anything that's raised through the greenhouse gas account—

Mr. Stephen LeClair: Yes, there are some issues with this account that I'm still not clear on. I hope to get that, because the legislation right now says “expenditures against the account.” In the budget, the government lists \$1.9 billion in proceeds, and they list \$1.9 billion in expenses.

If some of your expenditures are related to capital, they get expensed based upon some of the amortization rates of it, so it's not as large. I'm not exactly sure yet how the expenditures and the revenue are matched in this

account. That's something else I'm going to follow up on.

Mr. Arthur Potts: Thank you very much. I look forward to that follow-up.

Mr. Stephen LeClair: Thank you.

The Chair (Mr. Grant Crack): Thank you, Mr. LeClair, for coming before committee this afternoon; much appreciated.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Grant Crack): Next, we have on the agenda the Registered Nurses' Association of Ontario. We have Kim Jarvi, senior economist, and Natalie Lapos—is she here with us as well?

Ms. Natalie Lapos: Yes.

The Chair (Mr. Grant Crack): Very good. We welcome you, Natalie. You have 10 minutes for your presentation.

1620

Ms. Natalie Lapos: My name is Natalie Lapos, and I am the co-chair of RNAO's Ontario Nurses for the Environment Interest Group. With me today is Kim Jarvi, senior economist for RNAO. As you may know, we are the professional association representing registered nurses, nurse practitioners and nursing students in Ontario.

RNAO welcomes this opportunity to speak on Ontario's carbon pricing legislation, Bill 172. Carbon pricing is the most important tool in the fight against climate change, which represents a very serious threat to the health of the planet and the viability of our civilization. RNAO members are concerned with the immediate and long-term effects of climate change.

The worst effects are in vulnerable areas like the Horn of Africa, but drastic climate change is already hitting Canada's Far North. Even southern Ontario has experienced dangerous and costly extreme weather events, in addition to the spread of vector-borne diseases such as West Nile virus and Lyme disease. Our members also know that climate mitigation efforts bring huge health co-benefits. For example, Ontario's air quality has improved sharply with the closure of the province's coal plants.

The scientific consensus is very strong. The planet is on an alarming trajectory, with carbon dioxide concentrations well over 400 parts per million from a level of 280 parts per million at the start of the Industrial Revolution. When lumped together, the concentration of greenhouse gases has risen over 60% over that time period. There is very little time to shift our ways in a more sustainable direction; however, Ontario is in a position to show strong leadership, as it has done with coal closures.

Bill 172 is the province's latest step towards carbon pricing. That step will be supported by actions in key sectors, such as improvements in the heating and cooling of buildings and the promotion of transit and active transportation. Safe bike lanes and walkways will bring

health benefits both by increasing physical activity and by reducing pollution by reducing automobile use. Revenue from the cap-and-trade program will help fund those actions. It is important that both the cap-and-trade program and the handling of the revenue be done well.

RNAO is on record as preferring a carbon tax on the grounds that it's simpler, cheaper to administer and more immune to manipulation and fraud, which have happened under cap-and-trade. But if a cap-and-trade program is sufficiently comprehensive and if it is properly planned and executed, it can still get the job done. Our recommendations seek to point the program in a direction that will mimic the positive features of a carbon-tax regime.

Mr. Kim Jarvi: I'm going to speak to the bill itself. It starts with a very strong preamble. It opens: "Human-induced climate change is real and impacts are being experienced around the globe." This is a very important statement. It goes on to cite the Paris agreement's aim at keeping warming under 1.5 degrees centigrade, which is a strong step and a very important step. It also makes a strong case for action to mitigate climate change. We're very pleased with the strength of that statement, but, of course, there's more to the bill than that, and that's what I'm going to speak to now.

First, I'm going to speak on the matter of targets. We're glad that the government put Ontario's greenhouse gas reduction targets into the bill. We're glad the bill would also empower cabinet to make those targets more ambitious. That's important. Ontario really has to lead. We call on the government to proceed with Bill 172, subject to our following recommendations:

First, with respect to the cap, the size of the cap is really important. We're asking to set the maximum number of emissions allowances with the goal of meeting or exceeding the carbon reduction targets, taking into account factors that will impact on Ontario's ability to meet those targets. We'd prefer that the cap does the heavy lifting, and that is, to use sufficient stringency so that the targets can be dealt with via the cap. Our full submission suggests specific language to amend subsection 29(2).

The next point is around interim targets. The bill provides for setting of interim targets, and we want those to be mandatory because, if you don't have immediate targets, it's really difficult to make progress, in our experience.

We have a comment on the initial cap that's set. We would like to see it be more ambitious than it is right now. It would allow the emissions to rise at a normal rate between now and 2017, and that just puts us a little bit further in the hole as far as meeting our targets is concerned.

There are a number of features in the program that we would like to speak to: first of all, the matter of offsets. A lot of the concern that has been raised around the bill has been about the use of offsets, where you purchase emissions reductions from somewhere else. The problem is that the further afield those offsets are purchased, the harder it is to control them. We'd ask to limit the use of

those offsets to no more than 8%, as proposed in other government documents, and strictly enforce the proposed requirements that they be real, additional, verifiable, validated, enforceable and permanent.

We'll speak also to the matter of linking. The proposal is to link to other jurisdictions where cap-and-trade is in place. California is one of those places. We want to be sure that you don't weaken Ontario's standards by linking to programs that are weaker than Ontario's. That could end up with a downward harmonization. We therefore recommend not counting out-of-province purchases of greenhouse gas permits towards Ontario's reduction targets.

There's a lot of concern about carbon leakage. That has to do with the competitiveness of Ontario firms versus other firms that aren't covered by carbon pricing. Ontario is proposing to give a blanket set of free allowances. We ask you not to do that. However, if you do distribute free allowances in the first compliance period, we ask that you (a) amend subsection 32 to include a clear and reasonable phase-out timeline, and (b) ensure that any free allowances that are allowed are targeted, transparent and temporary.

A better way to get at the problem of carbon leakage is to do border adjustments; that is, to impose prices on goods that come into the province to level the playing field for Ontario firms. That's a perfectly reasonable thing to do. I don't know how much language you could put in this bill, but Ontario should be pursuing this in all the opportunities available.

The speaker before me spoke about cap-and-trade revenues and the issue around transparency. That's one, I think, that really must be dealt with very carefully. To maximize the effectiveness of the fund and to sustain political support for carbon reduction, it must be managed in a transparent fashion with very strong oversight, including all of the duly constituted oversight bodies, like the accountability office.

One of the issues that we have to be concerned with is impacts on vulnerable communities. One of the most vulnerable is indigenous communities, who also have a very strong interest in climate change as they're disproportionately affected by it. Because many of their communities will disproportionately bear the cost of any cap-and-trade program, it's really, really important that they be full partners in the exercise. Bill 172 does acknowledge the importance of traditional ecological knowledge in 7(2). Our full submission offers language to strengthen the partnership with Ontario.

Finally, there's one thing we would like to add, and that's with respect to nuclear power. We oppose the refurbishment of existing nuclear power plants and the construction of new nuclear plants on the grounds of cost, safety and disposal of nuclear waste. We would urge the amendment of paragraph 1(1)1 of schedule 1 to ensure that there are no nuclear power projects, including nuclear refurbishments, that could be funded by the fund.

I want to thank the committee for giving us the opportunity to do this. We also want to thank you for taking two days on this very important undertaking.

1630

The Chair (Mr. Grant Crack): Thank you very much. You were within three seconds; much appreciated. We'll start with the third party: Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Kim, Ms. Lapos. I appreciate your being here this afternoon.

Going to your recommendations, let's look at the border carbon adjustments first. One of the things in this bill is a requirement that electricity importers declare and account for the carbon emissions of the product that they bring into Ontario, given that we can be buying coal-fired power from Ohio in our imports. Would you support expansion of that responsibility for greenhouse gas emissions to other products coming into Ontario, say cement or steel?

Mr. Kim Jarvi: To the extent that Ontario can do that, that's exactly what we'd like to do, whether it would have to be done in partnership with the federal government, whatever. Our understanding is that the current trade agreements would allow this, and I think that we should move heaven and Earth to level the playing field for all Ontario producers.

Mr. Peter Tabuns: The greenhouse gas reduction account: You have a recommendation here that we maintain the GGRA as a special-purpose account. As you're well aware, the 2009 bill that was passed had a much more independent account than the one that's in this bill, so you're suggesting that we stay with the original design. Is that correct?

Mr. Kim Jarvi: Yes. We're not the first organization saying that, I'm sure.

Mr. Peter Tabuns: And what is your concern about using the definition that's in the bill as it is currently written?

Mr. Kim Jarvi: We want to make sure that all these funds are used for the purpose of climate change mitigation and to assist vulnerable communities. It's possible that they could be used for other purposes, with proper oversight.

Mr. Peter Tabuns: So the public interest is more strongly protected with the legislation that is on the books as opposed to what's proposed in this bill?

Mr. Kim Jarvi: The other point is that we aren't going to get to our targets just with the cap-and-trade, so we really need to be devoting any other resources to that push as well. All the complementary activity will require that money and more.

Mr. Peter Tabuns: In your recommendation 13, you ask for removal of the words "or indirectly" when it comes to the charges that could be made against this account. Could you speak more about why you're concerned about indirect charges?

Mr. Kim Jarvi: We just want to narrow the scope for expenses to ones that can be directly attributable to the program or to go in a cost-effective way to reduction of—

The Chair (Mr. Grant Crack): Thank you very much. I appreciate it.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Grant Crack): We'll move over to the government side: Mr. Potts.

Mr. Arthur Potts: Thank you both for being here. I appreciate very much your advocacy in this area and particularly in how your remarks focused on the health aspects of things that we've done already. It's your area of expertise. Certainly the respiratory issues associated with closing of coal-fired plants—we know that it has had an incredible benefit, and we've done it outside of the cap-and-trade program because, obviously, it was the right thing to do. I know that you are assured that coming out of the greenhouse gas account, we'll be doing a lot more projects which will have those kinds of health impacts and benefits to us.

You talked about the allowance issue and, again, I appreciate your interest. We want to do more but that may set the thing back a little bit because it is not as aggressive as we're going—I would just like to say that maybe politics is the art of doing the possible and sometimes to gain wider—we have to look at ways of protecting jobs, which is why, I think, that portion is in there. But we appreciate that you'd like to see us go even further.

What I want to maybe talk to you a bit about is the concept of nuclear power and your reluctance to have money spent on nuclear power. Almost 60% of our baseload is coming from this area. Would you want us to have those plants just disappear and find other sources? What is the reluctance to be using greenhouse gas reduction on clean energy?

Mr. Kim Jarvi: We're not proposing shutting down plants. We're just opposing investment in new plants or refurbishing old ones when they've reached their natural lifespan on the grounds of cost and risk from waste disposal.

Mr. Arthur Potts: Fair enough. I'd like to thank you very much.

Mr. Kim Jarvi: Okay.

The Chair (Mr. Grant Crack): Thank you very much, and we will move to the official opposition: Mr. McDonell.

Mr. Jim McDonell: Thank you for coming out today. You mentioned today your preference for a carbon tax versus cap-and-trade because of the simplicity. We have some concerns, and I'm just wondering if you would have some concerns over the measures in this bill and whether you believe there are enough regulations to promote the transparency and ensure that some of these costs are made—a huge amount of money is being accepted by this government, \$165,000. Later on, they seem to be paid back with huge purchases of hydro shares. Do you find that the regulation is tight enough to ensure that cap-and-trade will actually work?

Mr. Kim Jarvi: We've cited the concerns that other organizations like the Canadian Environmental Law Association had around ensuring that those funds are used for the intended purposes and that the public is satisfied that they are used for those purposes, which requires absolute transparency. So we proposed language

to tighten it up, including maintaining a purposed account.

Mr. Jim McDonell: You talk about offsets and that offsets must be “real, additional, verifiable, validated, enforceable and permanent.” What’s your ideal idea of an ideal offset that might be made?

Mr. Kim Jarvi: I would keep it to Ontario, really, because it’s a lot easier to verify. The thing is that you need ongoing verification, as well, because somebody might take some measure now but then rescind it in the future, and that’s very difficult to verify remotely.

You need very strict requirements around offsets. We would just as soon not have them but, for sure, we wouldn’t want them outside of this jurisdiction. If we’re going to allow it, we also think that it ought to be Ontario agents who are doing that—farmers or whatever.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate it. Thank you to the two of you for coming before our committee this afternoon. We appreciate your remarks.

Mr. Kim Jarvi: Thank you.

CLEAN ENERGY CANADA

The Chair (Mr. Grant Crack): Next on the agenda we have Clean Energy Canada: Sarah Petrevan, senior policy adviser.

We welcome you this afternoon. You have 10 minutes for presentation, followed by two-and-a-half minutes of questioning from each party. Welcome.

Ms. Sarah Petrevan: I want to start out by apologizing to the members of the committee. I woke up this morning with no voice. But I assure you that this happens to me on a seasonal basis and that I can go for a number of days sounding like a Muppet.

Interjection: Here you go.

Ms. Sarah Petrevan: Thank you. Somebody just gave me some Halls. Don’t worry about exhausting the voice; I will be able to last.

Good afternoon, Mr. Chair and members of the committee. My name is Sarah Petrevan and I am a senior policy adviser for Clean Energy Canada. Clean Energy Canada is an initiative of the Centre for Dialogue at Simon Fraser University, and we work to accelerate Canada’s transition to clean and renewable energy systems. I’m based here in Ontario and I specialize in Ontario provincial policy.

I want to start off by saying that the risk of only focusing on cap-and-trade during the process is that it’s a relatively small part of a much more sizable climate action conversation. But to support the substance of the bill, I am going to begin my comments by talking a little bit about the cap-and-trade system.

Obviously, following closely on the heels of British Columbia, Alberta and Quebec, Ontario is amongst Canada’s leaders in developing a comprehensive carbon pricing system to control and reduce greenhouse gas emissions, and this is to be commended. Ontario is part of a group of provinces trying to increase their economic

competitiveness in a world increasingly committed to climate action.

However, I do think it’s worth noting that globally we are not so ahead of the pack. A report that my organization produced in 2015 noted there are now 39 national and 23 subnational jurisdictions that have either implemented or plan on implementing carbon pricing, and that’s nearly half of the world’s economy.

We at Clean Energy Canada like to say that “carbon pricing is the new normal.” With global economic giants such as China and California with systems well under way, that statement certainly rings true.

1640

While many organizations and individuals appearing before you over the last two days have likely chosen to focus their comments on specific elements of Bill 172, like those we’ve heard already today, I want to use my brief time before you to provide some overarching, meta-level comments. I think that they’re principles that need to guide this bill and the corresponding regulations and actions that will come of it.

My organization published two reports last year, one focusing on British Columbia and the other on Quebec. They focused on the inner machinations of how their carbon pricing systems came together. Three things became clear to us: Credibility, durability and stringency are paramount to a successful carbon pricing system and overall climate action plan.

By credibility, we mean a system that does what it says it is going to do: Reduce greenhouse gas emissions in an accountable, transparent way so that both industry and individuals can clearly see a system in action and that it is working.

Durability: in the sense that it lasts in a predictable, well-laid-out process that gives business and industry the information and the tools they need to plan over the long term. Businesses like to plan in cycles significantly longer than governments, choosing often to look 10 to 15 years out and sometimes more.

Finally, stringency: that the mechanism that drives emissions reductions—in a carbon-tax system, it’s the price; in a cap-and-trade system, it’s the cap—is strong, meaningful and actually produces emission reductions predictably over a period of time.

Take any of these away and a carbon pricing system doesn’t work. You don’t have to look much further than the failure of Europe’s emissions trading system to see that.

Generally speaking, Ontario has a well-designed cap-and-trade system. It has taken the lessons learned from other systems, including the failed ETS, and adopted the well-thought-out design guidelines of the Western Climate Initiative to govern its cap-and-trade program. We’d like to congratulate the province on this accomplishment and, of course, look forward to the program’s implementation.

Where there is opportunity for improvement, or perhaps greater detail, is the subject of what both Quebec and California refer to as their complementary measures,

those initiatives to reduce greenhouse gas emissions paid for by the revenues of the cap-and-trade program. In both jurisdictions, they refer to cap-and-trade—oh, wait, we may have a voice. Ha! There we go. Cap-and-trade is treated as a backstop system—whoa, I'm a totally different woman now—that makes other climate policies more robust. In California, complementary policies such as the low-carbon fuel standard and the renewable energy portfolio standard will realize 85% of their 2020 emissions reductions. Similarly, in Quebec, they laid out 30 priority projects expected to result in 6.1 of the estimated 11.7-megatonne reduction required to meet its targets.

I do want to say that Ontario is a different jurisdiction with a different emissions profile, and it is anticipated that this province can meet its 2020 targets through the implementation of the cap alone. But 2030 is not all that far away when it comes to climate action policies, and so cap-and-trade must be just one component of a much larger climate action strategy, one piece of a bigger puzzle.

I would like to echo some of the elements outlined in the submission to the committee from an organization called the Clean Economy Alliance, of which Clean Energy Canada is a part, specifically comments regarding the use of revenue and the greenhouse gas reduction account. To maintain credibility and durability, it's imperative that revenues be recycled into both achieving environmental and economic benefits for the province. Having a fund that transparently demonstrates what is being funded and the reductions it achieves is vital to public accountability and support.

To further highlight this, I'd reference a report released this morning by Canada's Ecofiscal Commission that offers thoughts on various different types of revenue recycling. While there are lots of options on how to recycle the revenue, the fact that there needs to be a well-thought-out, publicly available plan that changes with the needs of a jurisdiction is constant.

If I may share my organization's preference, the report suggests that an investment in clean technology would be a good move for Ontario, and I wholeheartedly agree. I'd be happy to discuss that opportunity further with any members of the committee at any time.

To conclude, Ontario has done a fair job at designing a cap-and-trade system, and now attention must be placed on the corresponding climate strategy. The province has made good first steps in terms of legislating climate reduction targets, establishing a greenhouse reduction account, and taking some steps towards public reporting, but there is definitely an opportunity to go further.

A published climate action plan, with a detailed investment plan on how to allocate and spend cap-and-trade revenues, would go a long way towards the maintenance of credibility, durability and stringency, as well as creating an environmental and economic plan for the province that partners GDP growth with emissions reductions.

Thank you for your time. If it suits the Chair, Clerk and the members of the committee, I'd be pleased to take any questions.

The Chair (Mr. Grant Crack): Well, thank you very much. I think a miracle was reached at five minutes and 10 seconds. I think you have a cure for laryngitis.

Ms. Sarah Petrevan: I truncated my remarks on purpose.

The Chair (Mr. Grant Crack): Wonderful. We'll start with the government and Ms. McMahon.

Ms. Eleanor McMahon: Hi, Sarah. It's nice to see you.

Ms. Sarah Petrevan: Hi. It's good to see you too.

Ms. Eleanor McMahon: Rest your voice a little bit.

Ms. Sarah Petrevan: I'll be fine.

Ms. Eleanor McMahon: You mentioned during your presentation a kind offer that I'm going to take you up on: to expand a little bit about clean tech. From the perspective of Canada, if we look at the global environment and if we look at other jurisdictions as destinations for clean-tech investment, we know that China, the United States and Japan, just to mention a few—and India, which is now at about fifth place, I think—are increasingly destinations for clean tech. I wondered if you could expand a little bit about how Ontario needs to be part of that conversation and needs to be really developing that kind of capacity here, and how this kind of initiative will help us do that.

Ms. Sarah Petrevan: Ontario really fits well with a clean technology framework, and not necessarily from the perspective of only being a taker. The province has made huge investments over time in terms of renewable energy. There is a wealth of expertise: companies, experts, and also colleges, universities and training and manufacturing expertise in this province.

That all being said, when you start looking at jurisdictions such as China and India, with more aggressive renewable energy targets than Ontario will or should ever have based on our electricity and power supply mix, needs, whatever, the benefit for Ontario companies starts being largely, when you look at China and India, an opportunity for export.

That all being said, no one is going to ever want to buy your product internationally if they don't see it in use in your own home jurisdiction. There are other opportunities that Ontario could do that would cost a relatively low-scale amount of dollars that you can look at doing to support Ontario companies and the Canadian clean energy technology industry. There are mechanisms such as procurement, commercialization and various other levers that you could pull that help to sort of support some of the clean technology companies that are here in Ontario.

Does that answer it?

Ms. Eleanor McMahon: Time, Mr. Chair? I'm good?

The Chair (Mr. Grant Crack): You have 13 seconds.

Ms. Eleanor McMahon: Okay. I will cede that. Thank you very much again for coming, Sarah. I appreciate it.

Ms. Sarah Petrevan: No problem.

The Chair (Mr. Grant Crack): Thank you very much. We move to the official opposition. Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for being here.

Ms. Sarah Petrean: No problem.

Ms. Lisa M. Thompson: I admire you, given everything you're dealing with today. You mentioned your ideal use of revenue generated by cap-and-trade and how you'd like to see it recycled into initiatives that are geared towards environmentalism as well as the reduction of emissions. In that light, worldwide, we have seen some cap-and-trade systems not work very well in terms of the reductions of emissions, all the while driving up the cost of living and doing business. I'm wondering, given your experience: Do you know or could you cite any cap-and-trade systems currently operating that have been effective in significantly reducing emissions?

Ms. Sarah Petrean: I mean, really, cap-and-trade is really just a specific type of market mechanism. Everybody basically knows how a tax works. A cap works differently in just the way where the environmental—you know all this.

Ms. Lisa M. Thompson: Yes.

Ms. Sarah Petrean: California is doing a pretty good job. Quebec is doing a pretty good job. Globally, a majority of the carbon pricing systems are through market mechanisms. It is very true that in early days, things did not go so well. I would offer that when you're looking at doing any sort of major, revolutionary type of policy, throughout history, we can look at a number of things that didn't go so well the first time that we tried them out.

I think that a lot of jurisdictions have learned from each other and that, generally speaking, it seems as though, through the Western Climate Initiative, a lot of jurisdictions have got together and started to work out the kinks. It is still, I will give you, early days for Quebec and California, but all signs coming out of their auctions and all of the reports coming out of the economists and people who are detailing those economies—people who have greater expertise in this area than I do—have said, “This actually looks like it's going to be okay. It looks pretty good.”

Ms. Lisa M. Thompson: Okay; interesting. We heard earlier some concerns around the lack of transparency. How would you improve the transparency, specifically around section 68? Is there anything, in your opinion, that should be tweaked to improve that?

1650

Ms. Sarah Petrean: So you're testing me on whether or not I remember specifically what sections need changes, but that's okay.

Look, I think when you're talking about long-term revenue investment plans and how you plan on spending the money, California has got a very clearly laid out, detailed, three-year plan: “This is what we're doing; this is how we're spending the money.”

I will be quite honest with you that Quebec didn't do that, and they had some challenges. Right? They had an

Auditor General go in and say, “We're not so sure about some of these contracts and some of the ways that you chose to allocate your money.”

I think that when you have a plan that clearly lays out what you want to do, when you're going to do it and the amount of emission reductions that you can achieve over the short and long term, that goes a long way to giving a system like this and the money that you spend from it credibility.

The Chair (Mr. Grant Crack): Final point, please.

Ms. Sarah Petrean: Sorry. That's it; that's all I'll say.

The Chair (Mr. Grant Crack): Okay. Thank you very much. I appreciate it.

We'll move to Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for your presentation today. To tell you the truth, the one question I had is the one that was asked by Ms. Thompson about transparency. Do you have a written copy of your presentation?

Ms. Sarah Petrean: I do. I added a couple of words and changed it, but I'd be happy to give it to you.

Mr. Peter Tabuns: Yes. If you could give it to the Clerk, so it could be circulated, that'd be great.

Ms. Sarah Petrean: Yes, absolutely. No problem.

Mr. Peter Tabuns: Thank you very much.

Ms. Sarah Petrean: You're welcome.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Petrean, for coming before committee this afternoon. Good luck with your voice.

Ms. Sarah Petrean: Thank you.

The Chair (Mr. Grant Crack): You're welcome.

UNIFOR

The Chair (Mr. Grant Crack): Next on the agenda is Unifor. We have the Ontario regional director, Katha Fortier, and the director of strategic planning, Mr. Fred Wilson, with us this afternoon. We welcome you both. You have 10 minutes for your presentation.

Ms. Katha Fortier: Good afternoon. Thank you so much for the opportunity to discuss Bill 172, the Climate Change Mitigation and Low-carbon Economy Act. My name is Katha Fortier and I'm the Ontario director for Unifor. With me today is Fred Wilson. Fred is the director of strategic planning for Unifor.

Let me begin by emphasizing that Unifor is a social union that is strongly committed to addressing climate change. We are a national union, but here in Ontario we represent about 160,000 members who work in about 20 different sectors of the economy.

In our union, we speak of climate change as the inter-generational issue of our time. We participated in the Paris COP and we strongly supported the Paris agreement. It's now Canada's and Ontario's job to do our part in limiting global warming to 2 degrees and 1.5 degrees.

To the extent that Bill 172 affirms and achieves the emissions reductions that are set out, it has our support.

However, Bill 172 can be improved and that is what we would like to talk to you about today.

It should go without saying that if Ontario is going to carry through the transformations and transitions that climate action demands, it must have the support of working people who must believe that their jobs and the their communities have been protected and supported. In significant part, those working people are also Unifor members. Of the 150 large emitters listed on Ontario's reporting facilities database, more than 30—and actually probably more than 35—are workplaces where Unifor members earn their livelihoods.

From Tembec in Kapuskasing, to Chrysler and Ford in Windsor, to Invista in Kingston, to Domtar in Dryden, to the Victoria Hospital in London, to Shell and Cabot in Sarnia, to Enbridge and the airport here in the GTA, when we speak about “emissions-intensive” or “trade-exposed,” we're talking about thousands of Unifor members. We ask the MPPs to think about these workers and to ensure that this act and its regulations give us the tools to protect their jobs and to provide a just transition when the impact of climate change policy cannot be mitigated.

In the limited time we have today, we would like to propose improvements to three areas of the act. First, how can we strengthen this act to support Ontario industries?

We support a price on carbon in Ontario, but we must have the ability to ensure that products coming into Ontario do not gain an advantage. That's why we urge that this act provide the framework for imposing a carbon price border adjustment on any product impacting our EITE sector that enters Ontario from any jurisdiction without a carbon price or with a lesser price.

Clearly, a border adjustment would require reporting of GHG content. Section 9 of the act requires reporting on GHG content for any electricity, gasoline or natural gas that is imported into Ontario. Unifor suggests that this requirement apply also to cement, mined products, automobiles and auto parts, pulp and paper products or other products that are applicable to our EITE sectors.

Second, Unifor urges that the committee give special consideration to economic sectors which must carry an extraordinary burden of this change. Unifor strongly recommends that principles of transitional credits, which some refer to as free allowances—in our view, there is nothing free about the changes that fossil fuel workers will undergo in the coming years, and we should name it appropriately as transition, not some kind of free lunch.

However, it's not language that concerns us but rather the uncertainty involved in the provision of transitional credits. Section 30 of the act gives the minister the ability to provide such credits but does not provide the criteria for providing these credits.

In the course of our discussions about the draft regulation, it's also unclear about what would happen after the first compliance period. This is a significant concern for capital-intensive industries which require major planned-capital programs extending years into the future. We

suggest that this section make it clear that transitional credits are for the purpose of supporting employment stability and that these credits shall be provided for a period of time, with conditions which provide for both a long-term certainty for employers and security for workers.

Workers have a right to expect that they will be transitioned where necessary into new jobs in the low-carbon economy. Employers should expect that the transitional assistance that they receive includes an obligation to work with unions to develop labour adjustment plans to ensure that workers are not left behind.

Third, I'd like to now turn to schedule 1 concerning the greenhouse gas reduction account, or the green fund. Schedule 1 sets out the purposes and uses of the fund; however, when it comes to addressing the needs of workers, there is just too much left to the imagination on how workers' concerns would be taken care of as a by-product of other, more direct, purposes.

Unifor proposes that “just transition” be explicitly referenced in Bill 172, as it was in the Paris agreement on climate change, as a principle informing and guiding the implementation of climate change action plans. To appreciate the meaning and range of potential “just transition” measures, we refer the committee to the proposals incorporated in the recent climate panel report to the Alberta government. That section of the report is appended, for your convenience, to our written report. In short, we do expect that “just transition” measures will be a legitimate purpose and use of the green fund, and we strongly urge that this be made explicit in the act.

In summary, Unifor supports the goals of Ontario's climate change action program. We want cap-and-trade to work but we believe that its success depends directly on our ability to demonstrate to Ontario workers that they will not be left behind as economic and environmental change transforms our province.

We'd be pleased to answer any questions.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Fortier, for the presentation. We shall begin with the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Katha, Fred, thank you very much for being here this afternoon.

Could we talk briefly about border adjustment? As you know, in the bill, as it's written, electricity importers have to take account of and responsibility for greenhouse emissions for the product that they bring over. Coal-generated electricity has to be recognized by importers here in Ontario. You're suggesting that we do that as well with cement, mined products, autos, auto parts etc. Do you see any difficulty with actually generating an inventory, generating an accurate number, on those carbon emissions?

Ms. Katha Fortier: I think that it's a real possibility. Obviously, if we can do it on energy, it should be easily expanded to other products. Our big concern is that we could lose a manufacturing site in Ontario and the greenhouse gases just continue somewhere else. We'd just lose jobs in Ontario with the product just moving somewhere else.

1700

Mr. Peter Tabuns: When we talk about mined products, do we import a lot of raw ore into Ontario for processing here?

Mr. Fred Wilson: No, but it does happen from time to time. Mostly not, but it could happen. Of course, to the extent that carbon pricing increases the cost of Ontario minerals and ores, then there may be an incentive to bring in American or other ores.

Mr. Peter Tabuns: Okay. So you don't see a problem, then, with using the mechanism that's already in the bill, but expanding it to other product areas, from electricity on to pulp and paper, cement etc.

Ms. Katha Fortier: Yes, we'd agree with that.

Mr. Peter Tabuns: And you wouldn't have any trouble with steel having that applied?

Ms. Katha Fortier: No.

Mr. Peter Tabuns: Excellent. In terms of the just transition, is there a jurisdiction that has done an intelligent and thorough job on putting this together?

Mr. Fred Wilson: Germany.

Mr. Peter Tabuns: They have.

Mr. Fred Wilson: I encourage everybody to look at some of the just transition measures in phasing out coal mines and other operations in Germany. The Germans have done a very good job.

Mr. Peter Tabuns: Is there a place where we could access that documentation?

Mr. Fred Wilson: I'll have to get back to you on that.

Mr. Peter Tabuns: Okay, that's fair.

The Chair (Mr. Grant Crack): Sorry, Mr. Tabuns.

Mr. Peter Tabuns: I was just getting rolling, Mr. Chair.

The Chair (Mr. Grant Crack): I know. You were doing a great job. I apologize.

To the government side: Mr. Potts.

Mr. Arthur Potts: Thank you, Ms. Fortier and Mr. Wilson, for being here. I appreciate very much your broad level of support for where we're going. I know this is important for all residents and all workers in Ontario. I also appreciate you pointing out and highlighting the impact it's going to have, because so many of your members do work in emissions-intensive industries.

With respect to the transitional credits—I like that wording, to be honest, instead of the free credit—within the first adjustment period, do you think we're getting it right—we're putting in adequate protections in the first compliance round?

Mr. Fred Wilson: For the EITE sectors—I mean, this all goes to the regulation. We have attended the technical briefings where they go into the formula for each of the EITE sectors. Many of them have different formula. Frankly, some of those formulas are quite complicated. But what we expect is that the EITE sectors will get literally 100% of transitional credits through the first compliance period. However, they will have to reduce their emissions in line with the declining cap.

We think that is a significant goal for the emissions-intensive sectors. You have to remember that some of

them are very emissions intensive, and a 4% or 5% reduction when you're dealing with 700,000 to 800,000 or a million tonnes of greenhouse gases a year is quite significant.

But what really concerns us is that the act and the regulations as yet do not give any certainty as to what happens beyond the first compliance period.

Of course, we spoke to the point that also, neither does it set up—we think there could be firmer quid pro quos. Yes, give free credits, but what is the quid pro quo for the receivers of those credits with regard to employment security?

Mr. Arthur Potts: I appreciate that. Thank you very much.

The Chair (Mr. Grant Crack): We'll move to the official opposition. Mr. McDonell.

Mr. Jim McDonell: Thank you for coming out. I see that many of your members are in the automotive sector, just to speak of one. Are you somewhat concerned that we're moving ahead of our competition to the south, who are not moving as quickly in cap-and-trade? If you're exporting cars and are subject to some of these regulations that our members in Michigan, for instance, aren't, is that not going to lead to an exodus of our jobs to a lower-price jurisdiction?

Ms. Katha Fortier: I'll answer that. I wouldn't say that our members who work in auto and some other emissions-intensive industries aren't concerned about their jobs, but that's exactly the reason that we're here today asking for some protection.

Broadly, just as most people of Ontario and Canada believe, I think we have to deal with climate change. The fact that Ontario is leading is a good thing in most people's minds. But again, it's got to be about fairness and making sure that we're not moving emissions, which is why we're asking about the border adjustments that need to be made. That's really critical to the jobs in Ontario.

Mr. Jim McDonell: We already see the costs of manufacturing in Ontario being a disincentive, as we saw in Timmins where they're now exporting more to Quebec because of their cheaper cost of doing business. I think that it was somewhere around 600 jobs lost and now moved across the border, shipping ore out of the province. That's a real concern of ours. I'm not sure whose employees they are, but they're employees who have lost their jobs in Ontario. They did a very good job at one time.

Maybe you can explain something about the border credits that you're talking about and how that would work. I know that it's easy to tack them on the imports, but our exports are much more difficult, considering that our exports are competing worldwide. Any ideas around how we would do that?

Mr. Fred Wilson: Well, our exports, by definition, would have built into them a price on carbon, which would come out of the Ontario system. What we're asking for is that if any product made in our EITE sectors—that is, trade-exposed sectors—carry this price

on carbon, when a competing product comes into Ontario, the same fee be assessed against the carbon intensity in that product, just so that at least within Ontario we have a level playing field.

For example, auto parts: We have a perfect storm coming, to your point, where we have the TPP and so on. We are worried about lesser-priced, low-cost products coming into our domestic industry. One way we could level out that playing field would be through a border price adjustment against any auto part, for example, that came from a jurisdiction where was no price on carbon.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. I'd like to thank both of you for coming before committee this afternoon.

Ms. Katha Fortier: Thank you.

UNION GAS

The Chair (Mr. Grant Crack): Next on the agenda, from Union Gas, we have the vice-president of in-franchise sales, marketing and customer care, Mr. Isherwood, as well as Tanya Mushynski, general manager of cap-and-trade and legal affairs.

We welcome you both to committee this afternoon. You have 10 minutes for your presentation.

Mr. Mark Isherwood: On behalf of Union Gas, I'd like to thank the standing committee for the opportunity to speak today regarding Bill 172, the Climate Change Mitigation and Low-carbon Economy Act.

Union Gas recognizes the effort that the Ontario government is making to provide a low-carbon future for the province, and we recognize that the cap-and-trade program contained in Bill 172 is a significant step for our province in that direction. We share that commitment to a low-carbon future and, in the spirit of co-operation and partnership, we're committed to helping bring it to fruition.

I am here today to say that natural gas is and will continue to be an integral part of the solution as Ontario moves forward toward that goal. It is our ask today that natural gas be explicitly recognized as such in Bill 172.

Before I get into that, let me begin by telling you a little more about us. Every day, Union Gas serves over 1.4 million natural gas customers across 400 communities in Ontario. In fact, the majority of all gas coming into and through Ontario comes through our system. Our service area stretches throughout Ontario, with the exception of Enbridge's territory in the GTA, Ottawa and the Niagara region.

For more than 100 years, we've served urban and rural Ontarians. Our customers include the province's major employers in the industrial heartland—places like Sarnia, Sudbury and Hamilton—and we supply most of Ontario's natural-gas-fired generators. We know these customers well. They rely on us to provide affordable and reliable fuel to heat their homes and support their local economies. They also rely on us for information about energy, and we take that responsibility very seriously, communicating with them on a regular basis.

Let me state outright that Union Gas not only supports a low-carbon economy, but we are actively working to enable it. We are working hard with the government and the Ontario Energy Board to meet the implementation date of January 1, 2017 for the cap-and-trade program. We will be one of the largest purchasers of emission allowances in Ontario. Successfully integrating our customers into cap-and-trade will be essential to the long-term success of the program to reduce greenhouse gas emissions.

Since the government announced its intention to proceed with cap-and-trade, we have been engaged with government leaders and policy makers, representing our customers' interests and providing our expertise to ensure the program's success. Let me tell you what we've been telling them.

Natural gas is a reliable and affordable fuel that most businesses and almost 80% of Ontario's homes depend on. Efficiently and effectively using this fuel and the infrastructure that delivers it will be integral to moving Ontario towards a low-carbon economy without reducing competitiveness.

As part of our commitment to ensuring that solutions are implemented for the cap-and-trade program, we are proposing several small additions to schedule 1 of Bill 172 to clarify the role that natural gas will play as a critical partner in Ontario's low-carbon future. We have provided our suggested amendments to the Clerk today for members of this committee to review in more detail.

1710

The important thing to note is that while the legislation specifically references things like geothermal heating and plug-in hybrid vehicles, natural gas has gone unmentioned. That's despite the fact that natural gas has a strong and successful history of helping the Ontario government achieve its environmental goals. For example, Ontario's phase-out of coal would not have been possible without a ready, economical and low-carbon supply of natural gas.

We were able to replace approximately 7,500 megawatts of installed coal-fired generation with clean, reliable natural gas, resulting in a significant reduction in greenhouse gases. Natural-gas-fired generation, as per Ontario's Long Term Energy Plan, has been used flexibly and efficiently to respond to changes in provincial supply and demand and to support the operation of Ontario's electricity system. Natural-gas-fired generation provides the reliable backup power necessary to integrate the approximately 10,000 megawatts of intermittent wind, solar and bioenergy expected to be in place by 2021.

At the same time, Ontario's natural gas distributors have developed energy conservation programs which, over the past 15 years, have successfully reduced the amount of natural gas that the average Ontario residential customer uses by 30%. Union Gas and Enbridge Gas Distribution recently gained approval from the Ontario Energy Board to increase demand-side management spending to a combined total of more than \$600 million out to 2020.

Union Gas, along with Enbridge Gas Distribution, is also working closely with the Ministry of Energy to provide immediate greenhouse gas reductions through a home energy retrofit program supported by the Green Investment Fund. Through a \$100-million investment over three years, the program will help homeowners conduct audits, identify energy-saving opportunities in their homes and complete retrofits such as replacing furnaces, water heaters and upgrading insulation.

By including references to liquefied, compressed and renewable natural gas, as well as combined heat and power, in schedule 1 of Bill 172, Ontario will be sending an important signal that natural gas has been and will continue to be a critical partner in the low-carbon economy.

Natural gas should also be explicitly recognized as a critical part of the five-year action plans that will make up the province's climate change strategy. These signals will ensure that our infrastructure remains well capitalized and able to play the enabling role so necessary to the success of this low-carbon future.

Let me give you a few examples. Working with stakeholders, the government and our customers, we have identified two key initiatives that will be central to the early reduction of greenhouse gases in Ontario. The first is transportation. The transportation sector represents about one third of Ontario's remaining greenhouse gas emissions.

While the government has already initiated action to support the transition of passenger vehicles to electric vehicles, there are critical remaining segments where that simply is not feasible, such as heavy-duty trucks. Heavy-duty vehicles are among the single largest contributors to greenhouse gas emissions, responsible for more than 7% of total emissions or up to 12 million tonnes a year of CO₂ equivalent. Natural gas is a proven solution for this segment of the transportation sector. We are working with the Ontario Trucking Association and others on a plan to fuel approximately 5,000 heavy-duty trucks across the province with natural gas, which will allow Ontario to reduce greenhouse gas emissions by roughly 1.25 million tonnes by the end of 2020, and growing to 2.5 million tonnes by 2030.

Across Europe, and in British Columbia, Quebec, Texas, California and New York City, transformative policies are already under way to address financial risks for early movers transitioning their freight trucks from diesel to compressed natural gas, or CNG, and/or liquefied natural gas, or LNG. For Ontario to stay competitive and not fall behind, the province needs to take steps now to invest in and implement a CNG/LNG strategy for vehicles that cannot be electrified.

I mentioned combined heat and power earlier. Combined heat and power, or CHP, is another important component of the solution. As identified in Ontario's Long-Term Energy Plan, CHP can help support regional economic development and local energy needs while reducing emissions. CHP supports the development of new technologies, including vehicle electrification, by

creating capacity on the existing electricity grid and reducing the capital required for infrastructure. That's why CHP should be recognized in schedule 1 of this legislation as well.

The last initiative we've identified is renewable natural gas, or RNG. In RNG, Ontario has the opportunity to harness a fuel source that can reduce the greenhouse gas profile of our fuel while capturing and putting to use methane that is currently either being burned off or, worse, escaping into the atmosphere.

It works like this: Methane is naturally produced through the decomposition of organic materials. It can be captured at its source, places like landfills, waste water treatment plants and farms. It is cleaned and then integrated into our pipeline system. We've found support for RNG within the agricultural communities across the province.

Municipalities too, are eager to harvest the benefits of natural gas to confront the challenges around landfill and waste water, as well as organic waste. In Hamilton, for example, RNG captured from the waste water plant and injected into our system is helping fuel the city's new CNG bus fleet. Over the next six years, Hamilton's public transit provider will grow its CNG bus fleet to a total of 120 vehicles. This move represents about \$40 million in savings over the next 20 years for the city and is expected to reduce emissions significantly.

Renewable natural gas is the solution to a multitude of public policy issues that the Ontario government is tackling right now. By 2030, we estimate that Ontario can reduce emissions by eight million tonnes a year by replacing just 16% of Ontario's conventional natural gas supply with RNG. Ontario can become a global leader in RNG, building exportable technology while at the same time reaping the benefits of lower greenhouse gas emissions in Ontario.

In addition to the two examples I have cited today, there is a wide array of technologies that have or can be developed to further enhance the role that natural gas can play. For example, power-to-gas, which is the process of converting surplus wind and solar power into a gas, is an excellent method for long-term energy storage.

Supporting the development and implementation of new technologies like power-to-gas will be imperative if Ontario is to reach its 2030 and 2050 greenhouse gas targets. We encourage the government to invest in such technologies with the goal of reducing greenhouse gases at home and developing expertise that can be marketed around the world.

Let me say again that Union Gas is looking for a clear signal in this legislation that the government is willing to work with us to propel Ontario into a low-carbon future with explicit mention of natural gas in schedule 1. As a company whose 1.4 million customers and 2,300 employees span the province, we're invested in securing Ontario's low-carbon future. We look forward to developing opportunities to advance the government's low-carbon strategies through natural gas, and we look forward to continuing to be a vital partner in meeting Ontario's economic and environmental goals.

On behalf of Union Gas and our customers across Ontario, thank you for your attention. Tanya and I would be happy to take any questions you may have.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. We'll start with the government: Mr. Potts.

Mr. Arthur Potts: Thank you both for being here. Natural gas is a very seductive product. You describe it as reliable and affordable. What you don't describe is that it's not carbon-free. So help me out with a little problem here. I get the notion that if you displace diesel with natural gas, there will be a carbon savings and that will contribute to a lower carbon economy. With the \$100-million retrofit program, if you were putting gas lines into communities not served with gas and you're displacing homes that are heating themselves with electricity, you're actually displacing a low-carbon energy source with a higher-carbon energy source. How do you address that concern in the community?

Mr. Mark Isherwood: I think the other thing we're displacing in the community, though, is a lot of wood-fired homes and a lot of oil-fired homes—and propane would be the other common fuel. There's electricity mixed in there as well, for sure. Displacing propane and oil and wood-burning stoves is definitely an improvement in greenhouse gas emissions, and it provides those customers with a more affordable fuel to warm their house.

Mr. Arthur Potts: So the \$100-million fund that you're now part of is, I guess, with Enbridge? Is Enbridge administering the \$100-million renovation fund?

Mr. Mark Isherwood: It's actually split: \$60 million for Enbridge and \$40 million for Union.

Mr. Arthur Potts: Is it? Okay. So part of the project would be to displace wood-fired, coal-fired and oil-fuelled homes for heating purposes?

Mr. Mark Isherwood: No, actually, the \$100 million is part of the green fund. It was actually a new program that came out in November. It's going back to looking at retrofitting existing homes with better furnaces, better water heaters, insulation—those types of things. It's actually making a house more efficient.

Mr. Arthur Potts: But these will be customers that you're currently serving?

Mr. Mark Isherwood: Currently serving. We have a different program that I think you're alluding to, in terms of new communities. The \$100 million is a green fund initiative. It just came out in November or December, and we're still working through the program.

Mr. Arthur Potts: I just wanted clarification. Thank you very much.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. We'll move to the official opposition: Mr. McDonell.

Mr. Jim McDonell: I'm kind of surprised by comments made by the government talking about natural gas not being carbon-free, because I know that their energy minister is actually recommending that people get off of electricity to save money and to move over to carbon,

which, I agree, is contrary to what you would think this government wants.

Moving to this cap-and-trade system, I would imagine that there are some fairly significant hurdles—consultants, accountants and all the other types of brokers that go along with this. Is 2017—can you get ready for it by then?

Ms. Tanya Mushynski: That is a very good question. We have been working with the government to implement solutions to support implementation of the program by the deadline indicated in the draft regulations. We are supporting the move to the lower-carbon economy and the implementation of cap-and-trade.

1720

Mr. Jim McDonell: Is the administration cost huge? I mean, I'm not saying that it shouldn't be based on to consumers; that's the way business has to work. Is the additional cost significant? Any estimates? Would you be looking at the additional cost now of a cap-and-trade system versus the system you have today?

Ms. Tanya Mushynski: As Mark mentioned, natural gas is a low-cost energy source. Our approach throughout the implementation of this program has been to balance the government's emissions reduction objectives with cost-effective solutions. We are seeking implementation in a low-cost manner.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much. With regard to carbon pricing, are there different models that you feel should be considered or could have been considered to protect the competitiveness of our local domestic market—such as fee and dividend or a carbon tax—when you look at other jurisdictions around the world and how they're moving forward with their carbon pricing?

Ms. Tanya Mushynski: Again, we are here today to talk about Bill 172 and the cap-and-trade program that it describes there. Again, we are working to implement that program with the government.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate it. We shall move to Mr. Tabuns from the third party.

Mr. Peter Tabuns: Thank you both for coming here and presenting today. I note that you'll be working with the funds from the Ministry of Energy for helping your customers retrofit their homes, put in new furnaces etc. Is that work being done by your employees or are you contracting that out?

Mr. Mark Isherwood: That would all be done by independent third parties. We just administer the program and try to connect the customers with the people whom they need to connect with to get the furnace or the water heater or the insulation.

Mr. Peter Tabuns: Have you thought about using your own employees as a transition initiative so that work continues for them even though less natural gas is going to be used?

Mr. Mark Isherwood: At this point, we don't have that skill set in the company. We have people who can

fix meters and do meter work, but not insulation or new windows or that type of thing. It's not a skill set that we actually have today.

Mr. Peter Tabuns: Have you thought of developing those skills amongst your workforce?

Mr. Mark Isherwood: Not yet, no.

Mr. Peter Tabuns: Okay. You're talking about expanding infrastructure for natural gas vehicles—so compressed natural gas, LNG, filling stations, transportation. What would be the lifespan of such an infrastructure were it to be put into place?

Mr. Mark Isherwood: It would be different along the whole chain. New pipelines would typically have a life of 40 years. Compressors, I think, would be less than that—maybe 20 or 30 years. The trucks themselves, obviously, depend on the mileage that they use. It would depend on which part of that cycle you were referring to.

Mr. Peter Tabuns: But if we were putting new lines in along major roads—

Mr. Mark Isherwood: A new pipeline is 40 years plus.

Mr. Peter Tabuns: It's 40 years plus? Okay. The renewable natural gas: You talk about how 16% or 18% of our current natural gas needs could be met through renewable natural gas. Is that correct?

Mr. Mark Isherwood: Yes, the potential that we've identified is about 16%.

Mr. Peter Tabuns: How much is from historic landfills and how much is from recent landfill activity? What are the sources that we're talking about here?

Mr. Mark Isherwood: I don't have the exact numbers, but the primary source is landfills, followed by, I'd say, water treatment plants and then agricultural waste would be the third.

Mr. Peter Tabuns: If the government actually, with its waste diversion activities, were to dramatically reduce the amount of organics going into landfill, what impact would that have on the source of renewable natural gas?

Mr. Mark Isherwood: Renewable natural gas is really based on organics. It's really organic material decomposing into methane. That's based on historical dumps as well as new landfill as it happens. Agricultural waste, as you would expect, is continuous with animal livestock and that type of thing, so we expect that there would be a long-term supply of RNG.

Mr. Peter Tabuns: Okay. I have no further questions. Thank you both.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate the two of you coming before committee this afternoon. Have a great afternoon.

Mr. Mark Isherwood: Thanks.

Ms. Tanya Mushynski: Thank you.

NISHNAWBE ASKI NATION

The Chair (Mr. Grant Crack): Next on the agenda, from the Nishnawbe Aski Nation, we have with us once again Deputy Grand Chief Derek Fox. Welcome, sir. How are you today?

Deputy Grand Chief Derek Fox: Good afternoon.

The Chair (Mr. Grant Crack): Good afternoon.

Deputy Grand Chief Derek Fox: You were close; it's "Nishnawbe Aski Nation."

The Chair (Mr. Grant Crack): What did I say? Something like that. Nishnaw-awbe, I think. Sorry about that.

Deputy Grand Chief Derek Fox: It was close enough.

The Chair (Mr. Grant Crack): An extra W. The floor is yours, sir. You have 10 minutes.

Deputy Grand Chief Derek Fox: Okay. Bear with me. I'm also fighting a cold like that last lady, but I've got my voice.

I'm here today from Nishnawbe Aski Nation. I'm the deputy grand chief, one of four members of the executive. We represent 49 of the 133 First Nations in Ontario. In the package that I gave, there's a map of the territory that we cover, which is basically two thirds of Ontario, from the Manitoba border to the James Bay coast.

Through treaty, NAN First Nations are co-owners and stewards of the land, which includes the boreal forest. It is this shared ownership and stewardship responsibility that must be captured in Bill 172.

Thirty-two of our 49 communities are remote. They do not have road access, and they are not connected to the transmission grid. The majority are powered by expensive and high-risk diesel generation. The diesel fuel is either flown in or transported by ice roads, with significant costs and environmental risk.

In NAN territory, climate change is real. For years, our elders have identified the changes occurring in our landscape. For example, the wildlife is changing. The land has changed. The north is warming, and the ice roads are melting. What was once a reliable lifeline is under direct and observable threat.

I'll cover some points here:

(1) Aboriginal and treaty rights: Bill 172 recognizes that climate change has far-reaching political, economic, social and environmental impacts, all of which are critical to NAN and the 49 First Nations it represents.

It also clearly establishes that the act respects aboriginal and treaty rights. Ontario is acknowledged by NAN for their respect of the treaties and our inherent rights. As co-owners and stewards of the land and forests within NAN territory, we must actively work together to utilize these resources to address climate change and share in the benefits that accrue from the utilization of these resources.

(2) Defined processes to engage NAN and NAN First Nations: In the preamble to Bill 172, it states that "the government will continue to involve" First Nations "in the ultimate goal of fostering a high-productivity low-carbon economy and society in Ontario." For this to happen, formal processes must be established to define and guarantee NAN and NAN First Nations involvement in attaining the ultimate goal. How we are to jointly work together must be clearly set out.

(3) Traditional ecological knowledge: Bill 172 recognizes the special relationship that First Nations have with the environment, and that we are deeply connected, both spiritually and culturally, to the land and the animals. It is important to note that we are also afforded economic opportunities from the land, which greatly affects our social and economic well-being.

The bill also states that First Nations “may offer”—or “if” they offer—traditional ecological knowledge. As co-owners and stewards of the land, it cannot be a question of “may” or “if.” Utilization of traditional knowledge must be permanently embedded into the process of Bill 172 or any other related legislation, federal or provincial.

In order for traditional knowledge to be effectively utilized, permanent mechanisms must be found to capture, record and utilize this traditional knowledge in the development of policy and implementation of programs. Resources must be allocated to access and utilize this knowledge.

Given the complexity of how this would be undertaken, no specific recommendations can be made at the present time. However, NAN is willing to initiate discussions on how this can be accomplished.

(4) Addressing the impacts of climate change on NAN First Nations and its people: That climate change has been impacting First Nations has been recognized by our elders for years. A September 2013 study on climate change impacts in Far North Ontario communities—specifically Eabametoong First Nation—by Dr. David Pearson, co-chair of Ontario’s Expert Panel on Climate Change Adaptation, acknowledges that NAN First Nations are on the front lines of climate change.

1730

Schedule 1 of Bill 172 identifies initiatives that would be funded by the greenhouse gas reduction account. Though NAN recognizes the importance of these initiatives, NAN First Nations, which are acknowledged to be on the front line of climate change, are not clearly identified as primary beneficiaries of this account, nor is it clearly identified how the benefits of the boreal forest and its land will be accounted for and allocated. That is, the benefits accrued by the boreal forest and the land as a carbon sink and how they will be shared by the co-owners and stewards have not been set out and must be enshrined within legislation and processes to develop and modify legislation. This can only be done by Ontario in partnership with NAN and its member First Nations.

To conclude, recognizing that the climate change issue and associated legislation is a complex process, NAN is ready to engage in discussions regarding matters identified above and those related to the effective implementation of Bill 172. As noted above, NAN will require resources to undertake meaningful discussions.

Permanent processes and resources will have to be embedded within government climate change and related legislation, along with government policy formation initiatives, to preserve NAN First Nations’ rights as co-owners and stewards of the boreal forest and lands. How the benefits of climate change mitigation resources can

be shared is an important discussion, one that will be ongoing and to be held between government, environmental scientists, NAN and NAN member First Nations and their traditional knowledge keepers—our elders. To fulfill our joint responsibility, the necessary resources must be provided to address the impacts on NAN First Nations and its people, who are acknowledged to be on the front line of climate change.

To date, the Ontario government has not acknowledged the need to fully engage NAN, its member First Nations and its traditional knowledge keepers. In the recent Ontario budget, millions of dollars were allocated for a partnership between Laurentian University and Ontario First Nations Technical Services without any consideration for the role of NAN and NAN First Nations. The position put forward by Mushkegowuk Grand Chief Jonathan Solomon to Ministers Zimmer, Murray, Gravelle and Mauro urging a more collaborative approach is fully supported by NAN.

To add, NAN First Nations assert that, as co-owners and stewards of the boreal forest and lands, Ontario must provide NAN and NAN First Nations with permanent methods and processes, including sufficient resources and core funding, to work collaboratively in:

- addressing climate change, specifically well-defined processes for our direct input into climate change legislation and programs;

- guaranteed core funding to provide and retain the expertise to gather both traditional knowledge and assess the technical and economic assessments of the impacts of climate change on NAN territory, First Nations and its people;

- managing the resources and benefits attributable to the boreal forest and land within NAN territory; and, finally,

- to work co-operatively to effectively manage the impacts of climate change on NAN First Nations and its people.

Finally, it must be stressed that NAN is unique in its geography and remoteness. The majority of the boreal forest in Ontario is within NAN territory. This requires a separate negotiation table within the provincial discussions. We can no longer afford to be impacted by an all-Ontario approach.

That’s my submission. Thank you, and meegwetch.

The Chair (Mr. Grant Crack): Thank you very much, Deputy Grand Chief. It’s much appreciated. We shall start questioning with the official opposition: Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for being here.

I found your remarks very important. To drill down a little bit more, a former federal environmental minister, Leona Aglukkaq, used to champion the inclusion of traditional knowledge into all of her environmental decision-making. I was wondering if you could share with the committee—you say you want to be at the table—exactly in what ways you feel you could bring traditional knowledge to assist us as provincial policy-makers move forward with addressing climate change.

Deputy Grand Chief Derek Fox: At NAN, we consider the chiefs and the elders basically like our bosses. It would start with their input and their direction. When you talk about traditional knowledge keepers, it's mostly in reference to our landholders, our trappers, those people on our river systems who are using them year-round. So it would start with contacting those people and seeking their direction, because they're the most experienced on the land.

Ms. Lisa M. Thompson: Okay. And they would see ways of how, in the boreal forest that you referenced, sequestration of carbon could be achieved and how new processes could possibly be applied?

Deputy Grand Chief Derek Fox: Yes. It's just to ensure that it's done properly. I think the most important thing is that there's something there for their children and their grandchildren so that their grandchildren can continue to hunt, fish and trap as they did, while we continue to move forward with this.

Ms. Lisa M. Thompson: All right. Then in terms of cap-and-trade, it's an initiative that will see the cost of many things increase in price. Around your table, have you discussed how cap-and-trade will impact—

Deputy Grand Chief Derek Fox: Could you say that again? The what table?

Ms. Lisa M. Thompson: Sure. Around your table.

Deputy Grand Chief Derek Fox: You mean with the chiefs?

Ms. Lisa M. Thompson: With your chiefs, yes.

Deputy Grand Chief Derek Fox: It has been discussed, and it's back to what you were saying in your first question, just the need to be included. Given the fact that NAN takes up two thirds of Ontario, it's just the need to be at the table with both levels of government, or Ontario, to ensure that our voice is a part of this discussion.

Ms. Lisa M. Thompson: Okay. Thank you.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it.

Mr. Tabuns.

Mr. Peter Tabuns: Mr. Deputy Grand Chief, thank you for coming down today. Thank you for your presentation.

I know this has only a tangential impact on the bill, but you noted that you've seen the loss of ice roads and you've also seen a change of animal life in your territory. Can you speak briefly about that?

Deputy Grand Chief Derek Fox: Yes. We rely on the winter road system big time. I'm not sure if you're familiar with the area of Sault Lookout and Pickle Lake, but that's where one of the major winter road systems goes through. This year, it has been there for about three or four weeks at the most, and usually it's about 10 to 12 weeks that it's there, so our communities can get their supplies up. The fact that that has been affected—the pricing and everything, say housing, goes up. So all the communities are affected.

As far as the animals, they're just—I know for myself, personally, I'm from Bearskin Lake, which is one of the

furthest-north communities. When I talk to my elders—and we like to hunt moose, caribou and even fish—you'll see that the animal patterns have changed. You'll see that the spring goose hunt that's supposed to come—that's changed on when they arrive and so on. Everything is changing due to the impacts of our climate change.

Mr. Peter Tabuns: On another issue, the sequestration of carbon in the boreal forest, have you had discussions or have you got thoughts about precisely how you'd want to structure that? Or is this too early for that question?

Deputy Grand Chief Derek Fox: I think it would be too early for that. That's a discussion that's ongoing. We haven't actually sat down to have a thorough discussion on how that would look as far as structure.

Mr. Peter Tabuns: Okay. Are there any other changes to this bill that you would like to suggest? I know you talked about ensuring that there is support for NAN and other First Nations to be active and fully resourced players in dealing with this. Are there any other changes to the bill that we should be aware of?

Deputy Grand Chief Derek Fox: No. As I stated in my presentation, it's to ensure that NAN First Nations are included in the discussion.

Mr. Peter Tabuns: Okay. Thank you very much. I appreciate it.

The Chair (Mr. Grant Crack): We shall move to the government. Mr. Potts.

Mr. Arthur Potts: Welcome, Deputy Grand Chief Fox, to Queen's Park, the traditional lands of the Mississaugas of the New Credit. It's lovely to have you here, and thank you for bringing your insights.

Much of what you discuss and talk about relates to the adaptation issues associated with climate change—and I'm very aware of the winter road concerns and the inability we'll have to get supplies in, and then having to rely on more expensive transport through air and such, and the changes to the boreal forests. So I appreciate it.

We're very specific in the legislation about how we can use the proceeds of the revenues that come from climate change in the fund, and adaptation isn't one of the funds. So what I would challenge you is to be thinking, within the chiefs' council, about a way we can get away from it and into reduction programs—ways we can get the communities off expensive diesel and onto renewable fuel.

We had a wonderful presentation two days ago from companies that are involved with storage of renewable energy and about the opportunities in the north where we can put not just battery storage but wind—big energy storage systems—pumping water uphill, etc. Those are opportunities where we can put in significant resources to get the communities off of dirty diesel and reduce the necessity to bring the product that far. I would encourage you to look. I want you to be thinking about what you think we can be doing in terms of how you reduce your impacts of using fossil fuels in the north. Any thoughts on that to start?

Deputy Grand Chief Derek Fox: Okay. Yes. We've been approached by lots of companies who want to help reduce the impacts. That's a discussion that's also ongoing as far as what we can do—even the conservation of energy. How can we bring down the bills in our homes? It's simple methods like turning off the lights and—

Mr. Arthur Potts: Sure. Wind, energy, micro—

Deputy Grand Chief Derek Fox: Microgrids.

Mr. Arthur Potts: —microgrid systems, but also watercourse microgeneration. So there's a lot, and I believe that this legislation will provide the resources to do tremendous work in the north. We certainly appreciate the consultations we'll continue to have with First Nations to see these projects come to fruition.

Thank you for being here. Meegwetch.

Deputy Grand Chief Derek Fox: Thank you for having me. Meegwetch.

The Chair (Mr. Grant Crack): I appreciate it, and thank you, Deputy Grand Chief Fox, for being here this

afternoon and sharing your comments with the committee.

Members of the committee, I want to remind you that amendments to this potential legislation are to be filed by tomorrow at 3 p.m., April 7. Our next meeting is 2 p.m. on Monday, April 11: 2 p.m. to 6 p.m. We will be doing clause-by-clause, it appears, at that particular time.

I want to wish you all a great evening—up to the House for a great vote. And I want to wish everyone—

Mr. Arthur Potts: How do you think the vote is going to go, Chair?

The Chair (Mr. Grant Crack): I have no idea. That's not for me to decide.

I wish you all a good evening. Thank you very much for the hard work you've done, and thank you to all the presenters this afternoon.

Ms. Lisa M. Thompson: Thank you, Chair.

The Chair (Mr. Grant Crack): This meeting is adjourned.

The committee adjourned at 1742.

CONTENTS

Wednesday 6 April 2016

Election of Vice-Chair.....	G-925
Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-925
Financial Accountability Office of Ontario.....	G-925
Mr. Stephen LeClair	
Registered Nurses' Association of Ontario	G-928
Ms. Natalie Lapos	
Mr. Kim Jarvi	
Clean Energy Canada.....	G-931
Ms. Sarah Petrean	
Unifor.....	G-933
Ms. Katha Fortier	
Mr. Fred Wilson	
Union Gas	G-936
Mr. Mark Isherwood	
Ms. Tanya Mushynski	
Nishnawbe Aski Nation	G-939
Deputy Grand Chief Derek Fox	

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonnell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Arthur Potts (Beaches–East York L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Clerk / Greffière

Ms. Sylwia Przedziecki

Staff / Personnel

Mr. Jerry Richmond, research officer,
Research Services



G-45

G-45

ISSN 1180-5218

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 11 April 2016

Journal des débats (Hansard)

Lundi 11 avril 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 11 April 2016

Lundi 11 avril 2016

*The committee met at 1402 in committee room 2.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good afternoon, everyone. Members of the committee, support staff and members of the public, I'd like to call this meeting to order. This is the Standing Committee on General Government. We're here to undertake clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas. There are 200 or so amendments, so I wish all members of the committee their best in moving these forward.

At this time, I would ask, are there any comments or questions concerning the bill, prior to consideration? Mr. Potts.

Mr. Arthur Potts: Chair, I noticed that we have, on top of the motions here, a series of other motions that were paper-clipped together—eight or nine. Are all of these motions contained within the documents here?

The Chair (Mr. Grant Crack): No.

Mr. Arthur Potts: For instance, for motion 21.25.3, a PC motion on section 26(3), when I go into the text, I find that it's there already, but as motion 21.25.2. Does that make it a duplication that we've got it in twice?

The Chair (Mr. Grant Crack): I'll just defer to the Clerk to answer.

The Clerk of the Committee (Ms. Sylwia Przewdzicki): They're not duplicates. The content may be the same, but those were filed after the package was collated. When we get to one of those motions, the Chair might bring it to your attention that this particular motion we're dealing with was part of that separate package. You can then slide the paper into the appropriate space. They are in addition to the larger package.

Mr. Arthur Potts: All right. So even though they're exactly the same section, subsection and wording, they're being added as new amendments.

The Clerk of the Committee (Ms. Sylwia Przewdzicki): I don't know that they're all the same, but the

numbers are sequential, so there is a place where they fit in.

Mr. Arthur Potts: Okay. I just wanted to put it on the record.

The Chair (Mr. Grant Crack): Just for the committee's information, we did as a committee set a deadline of 3 p.m. However, that's—what's the word?

Mr. Arthur Potts: "Directory."

The Chair (Mr. Grant Crack): It's not a firm deadline, because there's not an order from the House. At this point, we accepted the further amendments that came in later, after the Clerk's office had prepared the package.

Mr. Tabuns?

Mr. Peter Tabuns: Were they incorporated in package number 4 that came out?

The Clerk of the Committee (Ms. Sylwia Przewdzicki): No.

Mr. Peter Tabuns: No?

The Clerk of the Committee (Ms. Sylwia Przewdzicki): No. Those were received since package 4 came out, which is why they haven't been inserted into every package. But they are numbered. I flagged for the Chair which ones belong to that separate, small package so we can make sure everyone reaches for the right piece of paper when we get there.

Mr. Peter Tabuns: Okey-doke.

The Chair (Mr. Grant Crack): So when we get to the first one, I have my little indicator here and I will say, "This is in the smaller package that you received at the beginning of the meeting."

Mr. Peter Tabuns: Excellent.

Mr. Arthur Potts: Thank you, Chair.

The Chair (Mr. Grant Crack): You're quite welcome, Mr. Potts.

Any further questions or comments? There being none, we shall begin clause-by-clause consideration.

We will move to subsection 1(1), definition of "designated account agent," which is government motion 0.1. Mr. Potts.

Mr. Arthur Potts: I move that subsection 1(1) of the bill be amended by adding the following definition:

"'designated account agent' means an account agent designated under section 23;"

The Chair (Mr. Grant Crack): Any further discussion on the motion? There being none, I shall call for the vote.

Those in favour of government motion 0.1? Those opposed? I declare government motion 0.1 carried.

We shall move to government motion 0.2, which is an amendment to subsection 1(1), definition of “mandatory participant.” Mr. Potts.

Mr. Arthur Potts: I move that the definition of “mandatory participant” in subsection 1(1) of the bill be struck out and the following substituted:

“‘mandatory participant’ means a person who is required by section 15 to register or who is registered as a mandatory participant; (‘participant assujetti’)”

The Chair (Mr. Grant Crack): Any discussion on the motion? There being none, I shall call for the vote.

Those in favour of government motion 0.2? Those opposed? I declare government motion 0.2 carried.

We shall move to government motion 0.3, which is an amendment to subsection 1(1), definition of “person.” Mr. Potts.

Mr. Arthur Potts: I move that subsection 1(1) of the bill be amended by adding the following definition:

“‘person’ includes an individual, corporation, partnership, sole proprietorship, association or any other organization or entity;”

The Chair (Mr. Grant Crack): Any discussion? Mr. Tabuns.

Mr. Peter Tabuns: A question: Why do we need this definition?

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: It just clarifies who we mean by a person. It broadens out the understanding of what a person is and makes it very clear.

Mr. Peter Tabuns: Okay.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote.

Those in favour of government motion 0.3? Those opposed? I declare government motion 0.3 carried.

We shall move to government motion 0.4, which is an amendment to subsection 1(1), definition of “recognized account agent.” Mr. Potts.

Mr. Arthur Potts: I move that the definition of “recognized account agent” in subsection 1(1) of the bill be struck out.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote.

Those in favour of government motion 0.4? Those opposed? I declare government motion 0.4 carried.

We shall move to government motion 0.5, which is an amendment to subsection 1(1), definition of “record.” Mr. Potts.

Mr. Arthur Potts: I move that subsection 1(1) of the bill be amended by adding the following definition:

“‘record’ includes any information that is recorded or stored by means of any device;”

The Chair (Mr. Grant Crack): Discussion? There being none, I shall call the vote.

Those in favour of government motion 0.5? Those opposed? I declare government motion 0.5 carried.

We shall move to PC motion 0.6, which is an amendment to subsection 1(4). Ms. Thompson.

Ms. Lisa M. Thompson: We’re not going to move this motion. Withdraw.

The Chair (Mr. Grant Crack): We have been advised that this motion is withdrawn. Thank you.

We shall move to PC motion 0.7, which is an amendment to subsection 1(4). Ms. Thompson.

Ms. Lisa M. Thompson: Chair, I would respectfully ask the committee to work with me on this. This motion relates to our amendment to subsection 68(2). I ask for unanimous consent to stand down the amendment and deal with it once 68(2) comes up.

1410

The Chair (Mr. Grant Crack): Ms. Thompson has requested that this particular motion be stood down until we deal with a further motion down the road.

Mr. Potts.

Mr. Arthur Potts: I’m fascinated to see how this plays out, so I would support the unanimous consent.

Mr. Peter Tabuns: Yes, I’m in agreement.

The Chair (Mr. Grant Crack): We have unanimous consent that PC motion 0.7 will be stood down until we reach a certain point in the amendments later.

Ms. Lisa M. Thompson: Thank you, Chair.

The Chair (Mr. Grant Crack): You’re welcome.

That is section 1. We have a number of amendments. Is there any discussion with regard to section 1 carrying, as amended? There’s no discussion at this particular point. Because there has been one amendment that we have stood down, we will defer further discussion and passing of this section until we deal with that. It was section 68, I believe you said.

Ms. Lisa M. Thompson: Yes, it is.

The Chair (Mr. Grant Crack): We shall move, then, to section 2. We have NDP motion number 1, which is new clause 2(1)(0.a). Mr. Tabuns?

Mr. Peter Tabuns: I move that subsection 2(1) of the bill be amended by adding the following clause:

“(0.a) to meet the emission reduction targets under section 6, with a goal of limiting temperatures increases to, at most, a 1.5 Celsius degree increase in global average temperatures from pre-industrial levels;”

Mr. Chair, I think the world is moving to a consensus that we need to have an increase in temperature far below two degrees, and 1.5 seemed to be a number that was acceptable to the international community at the Paris negotiations. Thus, I move that this be incorporated in the body of the bill.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It’s after much consideration that we have two degrees right now, and we’ll not be supporting this motion to reduce it—and keep it at two degrees as it is.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for a vote on NDP motion number 1.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion 1 defeated.

We shall move to NDP motion 2, which is new clause 2(1)(0.a). Mr. Tabuns?

Mr. Peter Tabuns: I move that subsection 2(1) of the bill be amended by adding the following clause:

“(0.a) to meet the emission reduction targets under section 6, with a goal of limiting temperature increases to well below two Celsius degrees above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 Celsius degrees above pre-industrial levels;”

Mr. Chair, this incorporates the text of the Paris accord. The Premier was present, the Minister of the Environment was present, and the Prime Minister of Canada was present. The Canadian position is to support the goal that’s embodied in this amendment.

I think that my previous motion would have been a stronger one, but I’ll settle for the text of the Paris accord being incorporated in this bill. I think that for us to be seen as responsible and to act responsibly, this is an international target that we need to adopt and try to achieve.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I share the interest in going there, to 1.5. However, at this stage, I think we’ve got too much that’s in line at two. I think we’ll stick with it now, and we can hope we’ll get closer to 1.5, because that’s the objective. But we’ll stay within two because it’s politically—or, what I say, it’s the art of doing what’s possible. So I recommend we stay at two.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I just note that this puts Ontario in line with the Canadian position. This is the text of the Paris accord, which was hailed by the Prime Minister of the country, the country’s environment minister. The Premier and the Minister of the Environment and Climate Change were present. This is generally seen as where we have to go, so it’s a surprise—and, frankly, out of keeping with where the country is headed—to not adopt the Paris text.

The Chair (Mr. Grant Crack): Thank you. Further discussion?

Mr. Peter Tabuns: A recorded vote.

The Chair (Mr. Grant Crack): There being none, I shall call for the vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 2 defeated.

We shall move to NDP motion number 3, which is new clause 2(1)(0.b).

Mr. Peter Tabuns: I move that subsection 2(1) of the bill be amended by adding the following clause:

“(0.b) to provide financial and investment assistance to low to middle-income residents and northern and rural residents to make the transition to a carbon free future;”

The Chair (Mr. Grant Crack): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: I’ve followed this issue over time. I’ve noted the experience of the Australian Labour Green Coalition, which brought forward a carbon tax. Their experience was that because they didn’t actually make provision for low-income households, the ability of the right wing in Australia to go against their climate action was successful. Not only did they lose their carbon tax—a carbon tax I had problems with but at least it was a climate initiative—but in fact, large chunks of everything that Australia was doing on climate was rolled back.

The simple reality, when you go out and talk to people, is that they are pressed now financially, particularly people who are low-income, people who live in the north who don’t have access to transit: as you’re well aware, the Ontario Northland bus system has been cut dramatically. People have very few choices out there. Frankly, rural residents rarely have access to anything that could be called reasonable transit.

I think it makes sense for us, because we are interested in the transition to a carbon-free world, to assist those households and those individuals, those families, that will be in the toughest position in this society. It’s to the advantage of the government and to the advantage of those who want action on climate change to support this resolution.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Again, the messaging or the intent here is very good. We understand that there’s a disproportionate impact on low-income Ontarians. However, in this section, it doesn’t seem to be the right place. By putting it in this section, it doesn’t guarantee us the carbon reductions from these investment strategies to come out. We have been working with the NDP—I know the member will appreciate that—in subsection 7(2), where we can better address the needs of low-income Ontario people. I will recommend voting against this motion.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Ms. Thompson?

Ms. Lisa M. Thompson: Again, we appreciate the direction that the member has taken on this particular motion, but we want to reaffirm that the PC position on any type of carbon price in Ontario is—revenue-neutral, so that all Ontarians are treated equally and fairly.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Just a recorded vote when we get to it.

The Chair (Mr. Grant Crack): There being none, I shall call for the vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 3 defeated.

We shall move to NDP motion number 4, which is a new clause: 2(1)(0.c). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 2(1) of the bill be amended by adding the following clause:

“(0.c) to assist people working in high carbon industries make a just transition where their livelihoods are affected;”

Again, Mr. Chair, I think it’s a question of making sure that there’s support across the board for the type of changes that are needed. Those people that work in steel, oil, natural gas or cement, where they may find disruption in their work lives, deserve support from the population as a whole to make the transition. In the end, politically, I think it will be necessary to develop the broad consensus needed in this society to make a difference. A just transition is something that has been recognized for decades, and globally, as something that has to be part of the transition to a low-carbon economy.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I agree with the notion of a just transition where industries are affected by a whole measure of things, whether carbon trade, cap-and-trade legislation, labour adjustment issues or technology changes, but we have whole other sections of government which look after those kinds of transitional issues, and I think it would be a mistake to put it into cap-and-trade legislation, because it doesn’t, again, guarantee that we’re going to get carbon reductions by those kinds of transitional measures.

1420

So we’ll continue to work closely with unions and employees who are affected, but the mechanisms will be under different pieces of legislation—employment standards, for instance.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: I would feel more comforted by that statement if in fact there were initiatives that were addressing the need for just transition in post-secondary education, in training, colleges and universities, or in the Ministry of Labour. I see no evidence of such action. In the absence of action, given that we have this bill before

us, it makes sense for us to address it. I understand the position the government’s taking; I disagree with it.

The Chair (Mr. Grant Crack): Any further discussion? There being none—

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 4 defeated.

We shall move to NDP motion number 5, which is a new clause: 2(1)(0.d). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 2(1) of the bill be amended by adding the following clause:

“(0.d) to enable Ontarians to adapt to the impacts of climate change;”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Chair, if this was 1990 and we were discussing cap-and-trade, simply dealing with mitigation or reduction of greenhouse gas emissions would be, frankly, as much as you really needed to do. But it’s 25, 26 years later; we’ve blown the opportunity to avoid the worst of climate change. We will see very substantial changes in our world and very substantial changes in this society.

If you’re actually going to have a credible climate plan, you actually have to have an adaptation plan that is part of it. I think it should be reflected in the purposes of this bill. I think that it’s not responsible to ignore the need to make those adaptation actions now.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I think this motion sort of infers a doom-and-gloom view of what happens to all of Ontario. I think our position in the government is that this is going to have exactly the opposite effect: that we will be allowing Ontarians to adapt to the impacts of climate change through a stimulation of the economy—new jobs and opportunities in the clean-tech sector. I just don’t think that this is a necessary amendment, so we’ll be voting against it.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: I just wanted to go on record to let the committee know that we agree with our NDP colleague in this regard, and we found too that the issue of climate adaptation has been totally overlooked in this bill. Therefore, we’ll be supporting it.

The Chair (Mr. Grant Crack): Mr. Tabuns?

Mr. Peter Tabuns: Just with regard to the government's comments on climate adaptation and the impact of climate change, my hope is that the investment in a new economy, an economy based on renewable energy, will in fact have a huge, positive impact on our economy. But I referenced the Stern report from 2006; the impact of climate change was described as having an impact comparable to World War II or the Great Depression. In fact, we in this province will see substantial problems with drought and substantial problems with flooding. We will see substantial problems with forest fires. In fact, a study done by the federal government in the late 1990s—the Liberal government—found that a large part of northwestern Ontario would become prairie and that the forest would be gone.

I'm not talking doom and gloom; I'm talking scientifically about what the Intergovernmental Panel on Climate Change and Canada's Ministry of the Environment have described as the physical changes that we're facing. To not prepare for those will not be seen as responsible, and in fact is not responsible.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The whole concept of an adaptation plan—a comprehensive plan will be coming shortly, but it's outside of the confines of a bill which is directed at reducing emissions, as opposed to mitigating and adaptation costs. So I just don't think it belongs here. There will be lots of time to talk about adaptation issues later on.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There being no further discussion, there has been a request for a recorded vote.

Ayes

McDonell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 5 defeated.

We shall move to NDP motion number 5.1, which is new clause 2(1)(c).

Mr. Peter Tabuns: I think it's a PC motion.

Ms. Lisa M. Thompson: It's a PC motion.

The Chair (Mr. Grant Crack): What did I say?

Mr. Peter Tabuns: On that side of the room, we all look the same. I don't know what it is.

The Chair (Mr. Grant Crack): It's a PC motion. I don't know what's wrong with my glasses today. I'm so sorry.

Mr. Peter Tabuns: I have light-coloured hair; she has light-coloured hair; he has light-coloured hair. Maybe that's it.

The Chair (Mr. Grant Crack): Members of the committee, that will be the last time I make an error on this.

Interjections.

The Chair (Mr. Grant Crack): Oh, yes, it is.

PC motion number 5.1.

Ms. Lisa M. Thompson: We're going to withdraw that motion.

The Chair (Mr. Grant Crack): I went through all that for a withdrawal?

Ms. Lisa M. Thompson: Yes, I know. That's why I was smiling.

The Chair (Mr. Grant Crack): Wonderful. PC motion 5.1 has been withdrawn.

We shall move to PC motion number 5.2, which is new clause 2(1)(c). Ms. Thompson.

Ms. Lisa M. Thompson: I move that subsection 2(1) of the bill be amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b) and by adding the following clause:

"(c) to involve and engage individuals, businesses, farmers, communities, municipalities, non-governmental organizations and First Nation and Métis communities in fostering a high-productivity low-carbon economy and society in Ontario."

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: Contrary to what we heard from the government last week, it's staggering to find that in Bill 172 the government does not mention farmers once, and it only goes on to mention the role of agriculture twice in schedule 1. I know there has been a lot of lobbying done to make sure farmers are at the table. It's an absolute overlooked travesty and completely unacceptable that farmers, who are the best stewards of the land and who have the ability to sequester carbon and have the natural landscape and to lead by example when it comes to protecting our environment and addressing climate change, have been completely overlooked.

So I feel it's very important that the essential role that farmers play in reducing emissions and adapting to climate change should be recognized in this proposed act.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Potts.

Mr. Arthur Potts: The whole intent in the consultations is to consult widely across all sectors, and to identify certain sectors at this point would have a limiting effect on the bill. I don't see teachers in here. I don't see nurses. I don't see public support workers. I don't see anyone specifically—are you turning your back on all those communities? Let's just keep it wide, broad consultations and not be trying to make political points with certain interest groups by including them and excluding others.

So we'll vote against this, Chair.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Ms. Thompson.

Ms. Lisa M. Thompson: Chair, I cannot believe that this government does not recognize the people who own the bush land, people who own the carbon sinks to sequester, people who have worked for decades with en-

environmental farm plans to ensure that no-till conservation practices have been embraced for decades. This is just another example of how this government continues to be totally disconnected from our agri-food industry in Ontario. It's a travesty, and people will hear about it.

The Chair (Mr. Grant Crack): Thank you. Further discussion?

Mr. Arthur Potts: We have, of course, had widespread consultations. All of the sectors that she initiates—we've had great support from the Ontario Federation of Agriculture and others. Had the caucus on the other side bothered to seek a briefing with our staff or give us amendments in advance so that we could have them reviewed—this is nothing more than trying to score political points, and it's kind of shocking that they would be delving this low. They know exactly where we are on consulting with those communities, and so, again, we'll be voting against it.

The Chair (Mr. Grant Crack): Thank you. Ms. Thompson?

Ms. Lisa M. Thompson: Chair, with all due respect, during our ministerial briefing, when we got to this one particular section—I live on a farm—it jumped out at me and screamed at me that the people who are in the best position to provide and carry on environmental practices that have been embraced for decades were completely left away from this table. The agri-food industry in Ontario is second, if not nudging into first place, in terms of the overall GDP and impact in Ontario.

Once and for all, the agri-food industry, much like my colleague from the NDP and I saw in Paris during COP—there are jurisdictions around this world that are embracing agriculture as part of their sustainability plans. They were celebrated as pillars of how to adapt to climate change. We really should be treating Ontario farmers with the respect that they deserve and at the level that they deserve to be at, and not in slap-hand, second thought.

1430

The Chair (Mr. Grant Crack): Mr. McDonnell.

Mr. Jim McDonnell: I think that we see an opportunity here. Farmers in this province are the largest owner of the private sector land mass, which has the ability to be a big part of the solution. I know that a number of groups—contrary to what Mr. Potts said—walked out of the agreement because of the lack of co-operation they had with government; the grain farmers walked out. Some of the others didn't walk out because they wanted to stay at the table, but they certainly don't agree with what's going on here.

They should really be a big part of the solution. To be part of the solution, they need to be involved in a bill like this, but we see that they're clearly not. Again, they've been just another group that has been beat up by this government.

The Chair (Mr. Grant Crack): Thank you. Further discussion?

Ms. Lisa M. Thompson: Recorded vote, please.

The Chair (Mr. Grant Crack): There being none, I shall call for the vote on PC motion 5.2, and there has been a request for a recorded vote.

Ayes

McDonnell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare PC motion 5.2 defeated.

Section 2: There were no amendments that carried. Is there any further discussion on section 2 in its entirety? There being none, I shall call for a vote on section 2.

Shall section 2 carry? Those in favour? Those opposed? I declare section 2 carried.

We have sections 3, 4 and 5. There are no proposed amendments. I would ask the committee two things. Is there any discussion on any of those in particular?

There being none, would the committee consider bundling those into one motion? Okay, I have unanimous consent to bundle sections 3, 4 and 5.

There being no further discussion, I shall call for the vote.

Shall sections 3, 4 and 5 carry? Those in favour? Opposed? I declare sections 3, 4 and 5 carried.

We shall move to section 6 and NDP motion number 6, which is an amendment to subsection 6(1), paragraph 2. Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much, Chair. I move that paragraph 2 of subsection 6(1) of the bill be struck out and the following substituted:

"2. A reduction of 50 per cent by the end of 2030."

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. I've looked at the targets set by the provincial government and I've looked at targets set in the European Union. The provincial government has adapted targets that are seen as needed for the world as a whole, but the reality is that jurisdictions in Europe have differentiated between those countries that have greater resources and those that don't.

So those countries that actually have the resources to go further have set substantially more ambitious targets: Denmark has committed to a 40% carbon reduction by 2020, which is far ahead of us; the UK has committed to a 57% reduction by 2030; Germany, to a minimum of 55% reduction by 2030.

I would say that their approach, which is to have the wealthier, better-resourced jurisdictions taking on a more ambitious stand on reductions, is one that's needed here. Increasingly, as you read the science, it's very clear that we need a sharp drop now, rather than a slow drop towards 2050.

This target is consistent with, but not as high as, many of the leading European jurisdictions and, frankly, I think

it is more consistent with reaching a 2% cap on global temperature increases than the current target set by the provincial government.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Potts.

Mr. Arthur Potts: We're comfortable with the targets we've had for a long time, so we'll keep them going moving forward.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Shall NDP motion number 6 carry?

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 6 defeated.

We shall move to NDP motion number 7, which is an amendment to subsection 6(2). Mr. Tabuns?

Mr. Peter Tabuns: I move that subsection 6(2) of the bill be struck out and the following substituted:

"More stringent targets

"(2) The Lieutenant Governor in Council may, by regulation, set more stringent greenhouse gas reduction targets by reducing the total amount of greenhouse gas emissions allowed at each target date."

It's a mechanism, Chair, to allow the government to be more ambitious. I would say that as the impacts of climate change become more visible, ambition will be demanded by the population. I think it would be useful for the government to have this authority.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. McDonell.

Mr. Jim McDonell: I guess we'll be opposing, as we're somewhat worried that you would give this government any more power than it already has. I think if there truly is an issue that needs to be dealt with by the public, legislation will be in order.

The Chair (Mr. Grant Crack): Thank you. Mr. Potts.

Mr. Arthur Potts: I believe we already have this power, so I will not be voting for it.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote. There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 7 defeated.

We shall move to NDP motion number 8, which is an amendment to subsection 6(3). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 6(3) of the bill be struck out and the following substituted:

"Interim targets

"(3) The Lieutenant Governor in Council shall, by regulation, establish interim targets for the reduction of greenhouse gas emissions."

Chair, this is consistent with the position put forward by many environmental organizations. They have felt, and expressed it in presentations before this committee, that interim targets are necessary to make sure that the province's efforts are kept on track. I would say that this is something that the government should be doing and should be required to carry forward, and will be necessary if we're going to achieve what we want to achieve.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much. I think we all know and it has been well documented that this government is already going to have serious problems meeting its current targets. We feel strongly that this Liberal government should be focusing more on innovation, efficiency and conservation and less on gouging taxpayers with higher fuel and home-heating costs to bankroll its cap-and-trade slush fund. We have to oppose this particular motion.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. I shall call a vote, as I said, on NDP motion number 8.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 8 defeated.

We shall move to NDP motion number 9, which is a new subsection, 6(3.1). Mr. Tabuns?

Mr. Peter Tabuns: I move that section 6 of the bill be amended by adding the following subsection:

"Temperature goals

"(3.1) When increasing the targets specified in subsection (1) or establishing interim targets for the reduc-

tion of greenhouse gas emissions, the Lieutenant Governor in Council shall have regard to any temperature goals recognized by the Conference of the Parties established under article 7 of the United Nations Framework Convention on Climate Change.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I think that if we're going to be setting goals or establishing interim goals, we need reference to the international documents that give us a framework for understanding the issue. Thus, I suggest that this be the wording we utilize on temperature goals.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm delighted, actually, that we've been able to work with the member opposite to find a framework using the United Nations Framework Convention on Climate Change. We can support this amendment as is.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion?

Mr. Arthur Potts: Recorded.

Mr. Peter Tabuns: Recorded.

1440

The Chair (Mr. Grant Crack): There being no more discussion, and a request for a recorded vote, I shall call the vote.

Ayes

Hoggarth, Malhi, McGarry, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare NDP motion number 9 carried.

Government motion number 9.1: My notes indicate that it's been deleted from the package. I just want to verify that that's the case.

Mr. Jim McDonell: It's here, but it says “deleted.”

The Chair (Mr. Grant Crack): So I shall ask: Is there a member—Mrs. McGarry?

Mrs. Kathryn McGarry: Thank you, Chair. Section 6, subsection 3.1, is withdrawn.

The Chair (Mr. Grant Crack): Thank you very much. Just to confirm, as Chair, government motion 9.1 has been withdrawn.

We will move to NDP motion number 10, which is an amendment to subsection 6(4). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 6(4) of the bill be amended by striking out “is the amount specified as such by the minister” and substituting “is the amount specified as such by the minister, in accordance with internationally accepted methodologies developed by the Intergovernmental Panel on Climate Change”.

Chair, if the minister is going to be given the power to essentially reset the baseline against which all of our efforts are going to be measured, then I think it's important that the minister actually be given the standard by which that assessment should be made. The Intergovernmental Panel on Climate Change is an internationally recognized

body that has the knowledge, the authority and the methodologies that we need. I think that the government would give itself greater credibility by adopting this amendment.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I think we have to vote against this. We do keep up on new technologies and science, but this keeps us aligned with linkages to the WCI through the California and Quebec programs. We think that's important at this stage.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: The parties in Paris have already agreed to these, and in fact, I'd like to read in what the agreement requires: “The consistency between the methodology communicated in the nationally determined contribution and the methodology for reporting on progress made towards achieving individual parties' respective nationally determined contribution.” So it's already there.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I would say, Chair, that it's not certain that the current Minister of the Environment and Climate Change will always be the current Minister of the Environment and Climate Change. Notwithstanding the occasional shuffle, there may be larger movements in politics over time, and I think it's to everyone's advantage to have the standard related to one that is internationally recognized.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 10.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 10 defeated.

We shall move to section 6, as amended, as there was one amendment that carried. Is there any discussion on section 6, as amended? There being none, I shall call for the vote.

Shall section 6, as amended, carry? I declare section 6 carried.

We shall move to section 7, government motion 10.1. I have a note here that it is deleted from the package. Ms. Hoggarth?

Ms. Ann Hoggarth: We recommend that this be withdrawn, please.

The Chair (Mr. Grant Crack): Thank you for recommending, but do you withdraw?

Ms. Ann Hoggarth: Yes, sorry.

The Chair (Mr. Grant Crack): There has been a withdrawal of government motion 10.1. So 10.1 is withdrawn.

We shall move to NDP motion number 11, which is an amendment to subsection 7(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 7(2) of the bill be struck out and the following substituted:

“Traditional ecological knowledge

“(2) If a First Nation or Métis community provides the minister with any traditional ecological knowledge or other information relevant to preparing climate change action plans or specific actions under this act, the minister shall incorporate that traditional ecological knowledge or other information into the minister’s decisions.”

The Chair (Mr. Grant Crack): Thank you. Mr. Tabuns?

Mr. Peter Tabuns: Chair, this is a recommendation that a number of the environmental groups that came before us recommended be part of this bill. I think that there’s great value in doing this, recognizing the knowledge of the First Nations in this province, the Métis in this province. Using their knowledge, accumulated over centuries, is something that would be beneficial to us.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Clearly, the preamble of the bill does recognize the unique relationship that First Nations and Métis communities have with the environment—that they are deeply connected spiritually and culturally to the land, water, air and animals, and that their traditional ecological knowledge may be reflected in specific actions. So it’s already recognized in there. It will be part of the consultation and consideration. I don’t see that it’s necessary to put it in this section. We’ll vote against it.

The Chair (Mr. Grant Crack): Mr. Tabuns?

Mr. Peter Tabuns: I had an opportunity to ask legislative research about preambles before we got into this. Although they’re very nice and very useful in terms of anyone explaining what’s in the bill, they don’t have force of law; they don’t dictate a policy. They are explanatory rather than prescriptive. What I think is needed, frankly, is direction to the minister—this minister and future ministers—to utilize and incorporate that traditional First Nations and Métis knowledge. To say that it’s in the preamble, to say that it’s recognized, does not actually give due recognition to this knowledge and these peoples.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote—

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): —on NDP motion number 11. There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 11 defeated.

We shall move to NDP motion number 12, which is a new subsection 7(2.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 7 of the bill be amended by adding the following subsection:

“Impact on low-income households

“(2.1) The action plan must consider the impact of the regulatory scheme on low-income households and must include actions to assist those households with Ontario’s transition to a low-carbon economy.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I understand that the government may well support this motion. I note that in California 25% of the funds that are going to be spent out of their cap-and-trade system are to be devoted to low-income communities. If we aren’t going to be providing income assistance, I think that we have to, in a very aggressive way, help low-income communities substantially reduce their greenhouse gas emissions and their energy costs. This amendment may be useful in having that actually happen.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I’m very pleased to be able to work with the member opposite on this amendment. We will be supporting it.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We’ve said all along that we need to see this legislation be revenue-neutral, and we know that it’s going to impact ordinary families—\$900 a year just on gasoline and home heating alone. We’ve seen through the budgetary process that it’s just dumped into general revenue and it’s just used to balance the budget. So without saying anything, it’s just another scheme to get more people more money from the province of Ontario’s residents.

The Chair (Mr. Grant Crack): Further discussion? There being none—

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote on NDP motion number 12.

Ayes

Hoggarth, Malhi, McGarry, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): None opposed. I declare NDP motion number 12 carried.

We shall move to government motion 12.1. Mr. Potts.

Mr. Arthur Potts: I'd like to withdraw that motion.

The Chair (Mr. Grant Crack): Government motion 12.1 is withdrawn.

We shall move to PC motion 12.2. Ms. Thompson.

Ms. Lisa M. Thompson: We're going to withdraw that.

The Chair (Mr. Grant Crack): PC motion 12.2 is withdrawn.

We shall move to PC motion 12.3. Mr. McDonell.

Mr. Jim McDonell: I move that paragraph 1 of subsection 7(4) of the bill be struck out and the following substituted:

"1. The potential reduction in greenhouse gases per tonne resulting from the actions set out in the plan."

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 12.3. Those in favour of PC motion 12.3? Those opposed? I declare PC motion 12.3 defeated.

We shall move to PC motion 12.4, which is an amendment to subsection 7(4). Mr. McDonell.

1450

Mr. Jim McDonell: I move that subsection 7(4) of the bill be amended by adding the following paragraph:

"4. A detailed summary of the financial costs that the actions set out in the plan will have on the government and the municipalities, businesses and members of the public affected by the plan."

The Chair (Mr. Grant Crack): Further discussion on PC motion 12.4? Ms. Thompson.

Ms. Lisa M. Thompson: Time and again, we have seen this government fail to consider the costs of its policies. We just have to look to the Green Energy Act as a perfect example of how something has been rammed through this Legislature with absolutely no consideration of its effects on electricity bills for Ontarians. It's safe to say all Ontarians are being hit with this now. Really and truly, we should be stopping a repeat of the Green Energy Act.

Therefore, in order to do so, it's important to set legal requirements for this government to think before it regulates. As you can see, even with the announcement of continued interest in FIT contracts, with the most recent just announced last week, they're continuing to ram through ill-conceived ideas. We just feel that this particular motion would rein in this government to consider the costs of its policies over all of Ontario.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion number 12.4. Those in favour? Those opposed? I declare PC motion 12.4 defeated.

We shall move to NDP motion number 13, which is an amendment to subsection 7(5). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 7(5) of the bill be struck out and the following substituted:

"Public notice

"(5) The minister shall, before January 1, 2017, lay the action plan before the assembly and make it available to the public on a website of the government or in such other manner as may be prescribed by the regulations."

Chair, I believe the government will be in support of this, and I'm appreciative of that support. I think, if we're going to have an action plan, that it has to be one that is visible, one that people can assess, critique and generally understand fully before it goes into place.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I just would like to add that we're going to be supporting this particular motion. We hear from independent officers of the Legislature time and again how this government snubs its nose at deadlines. Because of that, we're fully supportive of this motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We will be supporting it. I know that we have cases in parts of this legislation where the independent officers are excluded from looking into it. They talk about transparency, and we think it's an opportunity to see if they actually follow through with it.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts?

Mr. Arthur Potts: Again, I'm delighted to be able to work with the member opposite from the third party on this amendment. I'd love to have the great things that we're doing out in front of the public, so we're supporting this amendment.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote for this unusual situation.

The Chair (Mr. Grant Crack): It's been a long time, Mr. Tabuns, since I've seen that too. However, we'll see at the results of the recorded vote on NDP motion number 13. I shall call the vote.

Ayes

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Tabuns, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion 13 carried.

We shall move to government motion number—

Mr. Arthur Potts: We withdraw 13.1.

The Chair (Mr. Grant Crack): Thank you very much. Government motion 13.1 is withdrawn.

We shall move to NDP motion number 14, which is an amendment to subsection 7(6). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 7(6) of the bill be struck out and the following substituted:

"Revision and review

"(6) The action plan may be revised at any time and must be reviewed every five years or at least once during each compliance period."

I would say, Chair, that to put in place an action plan and not to review and update it as circumstances change would not be an appropriate approach for this province. I may have been a bit generous with the amount of time,

but I would say that at a minimum, those are the thresholds that the plan should have to meet.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: I believe that the flexibility to review the plan is already contained in the legislation. We'll be reporting on the status of the action plan measures every year. So I don't think this amendment is necessary.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I think that it's fine that the government says they will be responding every year, but all this does is just make it a requirement of at least every five years. I think that if they're over and above that, that's great—we haven't seen that type of record before—but we are somewhat concerned, based on what they have done in the past, so we'll be supporting this.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I would just like to add that past behaviour is indicative of future behaviour. We just don't trust this government to adhere. We're all for making this government more accountable.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Chair, I appreciate that the government will be reporting, or seems to be intent on reporting, more frequently on the performance of the action plan. But frankly, plans go out of date. They become stale. They need to be revised. I think that the plan should be reviewed and restated on a regular basis. Five years, or at least each compliance period, seems a reasonable length of time. It's consistent with the UK government, which has five-year carbon budgets. I think that we can do as well as they can.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): Really?

Mr. Peter Tabuns: Just to shock you.

The Chair (Mr. Grant Crack): Okay, that's fantastic. Further discussion? There is no further discussion. There has been a request for a recorded vote on NDP motion number 14. I shall call the vote.

Ayes

McDonell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 14 defeated.

Section 7 has two amendments that carried, so the section itself is amended. Is there any further discussion on section 7 in its entirety? There being none, I shall call for the vote on section 7, as amended.

Those in favour? I declare section 7, as amended, carried.

Mr. Peter Tabuns: No, no, keep going. No need to stop there.

The Chair (Mr. Grant Crack): Almost, almost.

We shall move to section 8. We have one proposed amendment. It's NDP motion number 15, which amends subsection 8(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 8(1) of the bill be amended by striking out "every five years" and substituting "once every year".

My understanding is that the government will support this amendment. I appreciate that support. I think that it is reasonable that people, on an annual basis, have an opportunity to see what has actually been accomplished.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: Yes, we support any time you can increase the accountability of this government, because it's something that's very tough to do.

The Chair (Mr. Grant Crack): Thank you, Mr. McDonell. Any further discussion?

Mr. Arthur Potts: The members of the official opposition could well learn from the member how, if you come forward early enough with ideas that are useful, we're happy to work with them. This is another of those amendments where we're delighted to be able to work with the member opposite. I appreciate the unanimous support. It's very important.

The Chair (Mr. Grant Crack): Thank you very much. Any further discussion on NDP motion number 15?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There being none, I shall call for the vote. There has been a request for a recorded vote.

Ayes

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Tabuns, Thompson.

The Chair (Mr. Grant Crack): Those opposed?

I declare NDP motion number 15 carried.

Section 8 has been amended with one amendment. Is there any discussion on section 8, as amended? There being none, I shall call for the vote.

Does section 8, as amended, carry? Those in favour? I declare section 8, as amended, carried.

We shall move to a new subsection being proposed in NDP motion number 16, which is a new section 8.1. Mr. Tabuns.

1500

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

"Climate change adaptation plan

"8.1(1) The minister shall prepare a climate change adaptation plan that sets out actions under a regulatory scheme designed to produce suitable mitigation of the impact of climate change on Ontario.

"Timetable

“(2) For each of the actions set out in the adaptation plan the plan shall establish a timetable for taking that action.

“Contents

“(3) The climate change adaptation plan shall include the following information:

“1. Information concerning the potential risks to human health and property from rising temperatures and accompanying weather changes with an assessment of the scale of vulnerability in each area touched on.

“2. An assessment of the cost of protecting human life and property from the risks described in paragraph 1.

“3. If an adaptation action could be funded, in whole or in part, using the amounts in the Greenhouse Gas Reduction Account, the estimated amount of any funding from the account that may be contemplated.

“Public notice

“(4) The minister shall, before January 1, 2017, lay the climate change adaptation plan before the assembly and make it available to the public on a website of the government or in such other manner as may be prescribed by the regulations.

“Periodic revision and review

“(5) The climate change adaptation plan may be revised at any time and must be reviewed at least every five years or as otherwise prescribed.

“Public notice after review

“(6) If the climate change adaptation plan is revised following a review, the minister shall, at the earliest reasonable opportunity, lay the revised action plan before the assembly and make it available to the public on a website of the government or in such other manner as may be prescribed by the regulations.

“Status

“(7) For greater certainty, the climate change adaptation plan and any revisions to it are not undertakings within the meaning of the Environmental Assessment Act.

“Progress reports

“(8) Section 8 applies to the climate change adaptation plan, with necessary modification.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I'll note, Chair, that a number of years ago the government came forward with a report called Climate Ready with a variety of recommendations, including detailed assessments of the vulnerability of a number of key infrastructures, including our electricity infrastructure. To my knowledge, virtually none of that work has been done. I certainly have had the opportunity to question the Minister of Energy in estimates. Very little has ever actually come forward.

I note that in 2013, there was a severe rainstorm in the Toronto area that resulted in a large-scale loss of power in the west end due to the flooding of a Hydro One transformer station. That station should have been identified earlier by Hydro One. In fact, other stations should have been assessed for their vulnerability.

We are not ready; we are not prepared for the impact of extreme weather. There will be property damage; there may well be loss of life. It makes sense for us to put in place an adaptation plan now and prepare for what's coming at us.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Again, I fully understand the importance of an adaptation plan, which will be coming. I look forward to having some of these ideas incorporated in what is coming; however, within the confines of this bill, this is not the right place. The Greenhouse Gas Reduction Account must be used for greenhouse gas reductions and not adaptations. We'll be voting against it.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: We just think that with a topic as important as this, you would want to be putting an adaptive plan in place. Surely there are some serious consequences, and we must know where the government is going. People should have the ability to comment on the plans that would be put forth by the government and highlight areas that they might have missed.

We talk about some very serious issues, whether it would be flooding, as Mr. Tabuns said, drought or some of the other issues that will be on our doorstep quicker than we would like to think. We need some clarity around that. So I would like to support this amendment.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Just a recorded vote.

The Chair (Mr. Grant Crack): We can do that. There being no further discussion, there has been a request for a recorded vote on NDP motion number 16.

Ayes

McDonell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 16 defeated.

We shall move to section 9. We have NDP motion number 17, which amends subsection 9(3), paragraph 3. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraph 3 of subsection 9(3) of the bill be struck out and the following substituted:

“3. A person who imports petroleum products into Ontario for consumption or who supplies petroleum products for consumption in Ontario and who satisfies such other criteria as may be prescribed by regulation.”

Chair, the bill already provides in 3.1 that a person, meaning a company likely, who imports electricity into Ontario has to take account of the greenhouse gas emissions that are connected to the production of that electricity. It's meant to ensure that our coverage is comprehensive, but it also actually addresses in some

ways the whole question of carbon leakage, the movement of production of a good or service outside Ontario.

When I've talked to people in the oil-refining industry, one of the concerns they have is that with cap-and-trade in place in Ontario, there may be the potential for American refineries to try to displace Canadian products. This amendment is meant to ensure that all petroleum products that are used in Ontario reflect the same greenhouse gas emission control regulations so that there's competitive equality and so that we in Ontario won't see the movement of industry outside of our jurisdiction.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: We view this as somewhat redundant because the greenhouse gas emissions reporting regulation already captures the importance of domestic production of petroleum products. Therefore, it's not necessary at this point.

The Chair (Mr. Grant Crack): Mr. Tabuns?

Mr. Peter Tabuns: I'm just curious about the government's position. They may or may not answer the question, but where is the greenhouse gas emissions from imported petroleum products—let's say, from Michigan—captured in this bill?

Mr. Arthur Potts: It's my understanding that the provisions currently in the bill do just that. I'd be happy to get back to you with more detail on that later, but I believe it's there.

Mr. Peter Tabuns: I'd be very curious as to which sections of the bill apply.

The Chair (Mr. Grant Crack): Further discussion?

There being none, I shall call for the vote on motion 17—

Mr. Peter Tabuns: A recorded vote, please.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion 17 defeated.

We shall move to NDP motion 18. Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 9(3) of the bill be amended by adding the following paragraph:

"3.1. A person who imports steel into Ontario for consumption or who supplies steel products for consumption in Ontario and who satisfies such other criteria as may be prescribed by regulation."

Again, the big question here is border carbon leakage. We've already seen US Steel buying up steelworks in Hamilton as a way of getting rid of a competitor, shutting them down. I wouldn't be surprised if we see other aggressive action by American steel companies. Certain-

ly, if you look at steel that's imported into Ontario from Turkey—Turkey isn't covered by a cap-and-trade regime. Its steel sells for a much lower price than Ontario steel. In fact, it's heavily used by the government of Ontario for infrastructure. If we're going to put in place a cap-and-trade system and try to reduce the amount of carbon generated by Ontario industries, we actually have to ensure that they are not put at a competitive disadvantage with steel and other products coming from other jurisdictions. That's the reason for this initiative.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: We take this issue very seriously and are working with the federal government in order to make the proper approach for border carbon captures and adjustments. We will address the issue through the cap-and-trade program design. It is a concern and we are working on trying to solve it. But this is not the place. It's an international trade issue that we need to deal with the feds on.

The Chair (Mr. Grant Crack): Mr. Tabuns?

Mr. Peter Tabuns: It may be an international trade issue, but we actually have the instrument in our hands to do something about it. Things may or may not be successful in dealing with the federal government in years to come, but we're in a position right now to amend this bill in a way that's consistent with the position already taken by the government on the imports of electricity, and protect Ontario steel production. I think it's something that would be appreciated by Sault Ste. Marie, Hamilton, Nanticoke and, frankly, all of those producers in Ontario who rely on domestic steel.

1510

The Chair (Mr. Grant Crack): Further discussion?

There being none, I shall call for the vote on NDP motion number 18.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. I shall call the vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 18 defeated.

We shall move to NDP motion number 19, which is an amendment to subsection 9(3), new paragraph 5. Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 9(3) of the bill be amended by adding the following paragraph:

"5. A person who imports cement into Ontario for consumption or who supplies cement products for consumption in Ontario and who satisfies such other criteria as may be prescribed by regulation."

Again, Chair, the same argument that I made about steel and petroleum products—we have a very large cement industry. There's a very large, competitive production sector outside of Ontario that would be very happy to move into Ontario and supply its products here. My understanding is that British Columbia had difficulty with their cement industry with their carbon tax that, in fact, led them to provide substantial financial support to their cement industry.

I would say that it's to our advantage to protect Ontario's cement, and putting in place a regulation along these lines would be useful to do that—not a regulation, but an amendment to the bill.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 19.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): A request has been made for a recorded vote. I shall call the vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McDonell, McGarry, McMahon, Potts, Thompson.

The Chair (Mr. Grant Crack): I declare NDP motion number 19 defeated.

We shall move to NDP motion number 20, which is an amendment to subsection 9(3), new paragraph 6.

Mr. Peter Tabuns: I move that subsection 9(3) of the bill be amended by adding the following paragraph:

“6. A person who imports automobiles or auto parts into Ontario for consumption or who supplies automobiles or auto parts for consumption in Ontario and who satisfies such other criteria as may be prescribed by regulation.”

Chair, effectively the same arguments as I've made for steel, cement and petroleum products—I'd just note that we have large numbers of auto parts manufacturers in Ontario. They are going to have to deal with higher energy prices. To the extent that we can give them some shelter and protection so that they aren't disadvantaged competitively with producers in Mexico or the United States, we'll have done places like Windsor, Oshawa and large swaths of southern Ontario a favour, and not just a favour; we will have treated them with respect.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): At the request, a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 20 defeated.

We shall move to NDP motion number 21, which is an amendment to subsection 9(3), new paragraph 7.

Mr. Peter Tabuns: “7. A person who imports mined products or pulp and paper into Ontario for consumption or who supplies mined products or pulp and paper for consumption in Ontario and who satisfies such other criteria as may be prescribed by regulation.”

I think I've made my arguments in the other amendments. I think, again, it's an approach that will be of importance to those large swaths of Ontario that support pulp and paper industries or mining.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Further discussion? There being none, I shall call the vote on NDP motion number 21.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): At the request, a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion 21 defeated.

We shall move to government motion 21.1, which is an amendment to subsection 9(6). Mr. Potts.

Mr. Arthur Potts: I move that subsection 9(6) of the bill be struck out.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Why?

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: It's become redundant and unnecessary, so we're taking it out.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Ms. Thompson?

Ms. Lisa M. Thompson: The way we see it, this particular motion would remove the responsibility to retain emission records for people who are required to report emissions, so, to Mr. Tabuns point: Why?

The Chair (Mr. Grant Crack): Thank you, Mr. Potts?

Mr. Arthur Potts: As I said, it has become redundant because paragraph 9.2 of subsection 75(1) takes over this function for us.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts.

Further discussion? Mr. McDonell?

Mr. Jim McDonell: Yes. We're somewhat skeptical of amendments like this to a bill that people have seen and commented on and all of a sudden we see sections crossed out. This one here, where you're looking at emissions where people will be penalized and we're trying to put together a plan that's all encompassing and now we're not keeping records—it just makes it a little bit odd.

Again, it's a "trust us" type of thing and we've seen time and time again that anybody who has trusted this government has ended up paying the penalties.

The Chair (Mr. Grant Crack): Thank you very much, Mr. McDonell.

Further discussion? There being none, I shall call for the vote.

Those in favour of government motion 21.1? Those opposed? I declare government motion 21.1 carried.

To the members of the committee, we have one amendment to section 9. Section 9 is amended. Any further discussion on the amended section 9 before I call the vote? There being none, I shall call the vote.

Shall section 9, as amended, carry? Those in favour? I declare section 9, as amended, carried.

We shall move to section 10, government motion 21.2, which is an amendment to subsection 10(1). Mr. Potts?

Mr. Arthur Potts: Yes, sir. I move that subsection 10(1) of the bill be struck out and the following substituted:

"Duty to report

"Emissions during activities

"(1) This section applies, in such circumstances as may be prescribed, to a person who is required by subsection 9(1) to quantify the amount of greenhouse gas that is emitted during a prescribed activity at a prescribed facility during a prescribed period."

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion? Mr. Potts?

Mr. Arthur Potts: Yes, the motion is being introduced by the necessary flexibility of the greenhouse gas reporting program's different thresholds for different classes of capped emitters.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: Well, the way we see it, this particular motion would force all companies to quantify emissions even if they didn't surpass the required threshold. Time and time again when we've met with stakeholders, they have cautioned against growing an unnecessarily bloated bureaucracy and they're concerned about the amount of red tape that will follow.

We feel that this government should be working with larger emitters to help them lower their GHGs as opposed to burdening all businesses with yet more red tape.

The Chair (Mr. Grant Crack): Thank you. Further discussion? There being none, I shall call for the vote on government motion 21.2.

Those in favour? Those opposed? I declare government motion 21.2 carried.

We shall move to government motion 21.3, which is an amendment to subsections 10(4), (5) and (6). Mr. Potts?

Mr. Arthur Potts: Thank you, Chair. I move that subsections 10(4), (5) and (6) of the bill be struck out and the following substituted:

"Revised reports

"(4) The person shall revise a report and give the revised report to the director in the following circumstances:

"1. The director is of the opinion that the report has not been prepared in accordance with this act or the regulations.

"2. Such other circumstances as may be prescribed by regulation.

"Contents, etc.

"(5) A report under this section shall contain such information as may be prescribed, and such additional information as the director may request, and shall be prepared and submitted in accordance with this act and the regulations."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts?

Mr. Arthur Potts: Yes. This motion will provide the director with the authority to require emissions reports to be revised and to request additional information to support their review.

We think it's a necessary amendment at this point.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 21.3.

Those in favour? Those opposed? I declare government motion 21.3 carried.

1520

There were two amendments to section 10 that carried, so section 10 is amended. Any discussion on the section? There being none, I shall call the vote.

Shall section 10, as amended, carry? Those in favour? I declare section 10, as amended, carried.

We shall move to section 11. There is one amendment, government motion 21.4, which is an amendment to section 11. Mr. Potts?

Mr. Arthur Potts: I move that section 11 of the bill be struck out and the following substituted:

"Duty to verify

"11(1) This section applies, in such circumstances as may be prescribed, to a person who is required by section 10 to give the director one or more reports with respect to greenhouse gas emissions relating to a prescribed activity during a prescribed period.

"Same

"(2) The person shall have prescribed reports under section 10 verified in accordance with the regulations by a person who is authorized by regulation to do so."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The motion is being introduced to provide for various circumstances in which verification of emission reports is required to maintain program integrity and ensure emission amounts are reliable.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We're opposing this. We're concerned because we see, too often, government inspectors requiring regulations that aren't posted, aren't published, even though they may go against engineering reports. Really, if regulations are so important, they should be published so that people know what they're designing to. We just worry about the ability to walk into these businesses, on a whim, sometimes, as we've seen in the past, and just demand certain requirements. It's very hard for small businesses to react to these. Most times, they just have to give in, whether they make sense or not.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.4.

Those in favour? Those opposed? I declare government motion 21.4 carried.

There is one amendment to section 11. Discussion? There being none, shall section 11, as amended, carry? Those in favour? I declare section 11 carried.

We'll move to section 12, government motion 21.5, which is an amendment to section 12. Mr. Potts?

Mr. Arthur Potts: I move that section 12 of the bill be struck out and the following substituted:

"Information request by director

"12(1) The director may ask a person to provide information described in subsection (2) to the director for the purposes of,

"(a) assessing whether a person may be required to comply with section 9, 10 or 11;

"(b) reviewing any record required to be kept or submitted for the purposes of section 9, 10, 11 or 13 or that is required to be prepared in relation to any of those sections; or

"(c) making a determination under subsection 13(2).

"Information

"(2) The information that may be requested under subsection (1) is such information as may be specified in the regulations or as may be specified by the director.

"Duty to comply with request

"(3) The person shall comply with the director's request, in the manner and within the period specified by the director.

"Duty to provide assistance

"(4) Subsections 39(8) and 40(1) and (2) apply, with necessary modifications, with respect to a request by the director under this section."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Yes. Again, the motion is being introduced to provide the necessary flexibility to deliver the reporting and cap-and-trade program in accordance with the proposed design.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 21.5.

Those in favour? Those opposed? I declare government motion 21.5 carried.

Section 12 is amended with that one amendment. Any discussion? There being none, I shall call the vote.

Shall section 12, as amended, carry? Those in favour? I declare section 12, as amended, carried.

We shall move to section 13 with government motion number 21.6. Mr. Potts?

Mr. Arthur Potts: I move that section 13 of the bill be struck out and the following substituted:

"Attribution of emissions

"13(1) For the purposes of this act, the amount of greenhouse gas emissions relating to a prescribed activity during a prescribed period that is attributed to a person is the amount prescribed by the regulations or determined in accordance with the regulations.

"Same

"(2) Despite subsection (1), in prescribed circumstances, the amount of greenhouse gas emissions shall be determined by the director in accordance with the regulations.

"Opportunity to be heard

"(3) If the director proposes to determine the amount of greenhouse gas emissions to be attributed to a person, the director shall give the person notice of the proposal in accordance with the regulations and shall, in accordance with the regulations, give the person an opportunity to be heard."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: This motion ensures that the integrity of the cap is maintained while corrections are made, if possible, to emission amounts.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We agree with this motion, but we think the government should go further instead of waiting to do the consulting. At this point, we think that the consulting should have been done already, especially on the agricultural side where, basically, we see decisions being levied on them before the groups really had a chance to consult and put a business case back towards this government.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.6.

Those in favour? Those opposed? I declare government motion 21.6 carried.

We shall deal with section 13. There was one amendment, which just passed. Any discussion on section 13, as amended? There being none, I shall call the vote.

Shall section 13, as amended, carry? I declare section 13, as amended, carried.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: Seeing as it is about halfway through, could we have a five-minute recess?

The Chair (Mr. Grant Crack): We'll be halfway through at 4 o'clock.

There has been a request for a five-minute recess.

Interjections.

The Chair (Mr. Grant Crack): I thank you for the request. It has been granted. There will be a five-minute recess.

The committee recessed from 1527 to 1535.

The Chair (Mr. Grant Crack): Let's get back to work, everybody. Stop slugging off; let's get back to work. All right, thank you very much. I hope everyone enjoyed your five-minute break.

We are going to move on to the cap-and-trade program, which begins at section 14.

We have a government motion number 21.7. Ms. Hoggarth.

Ms. Ann Hoggarth: We're going to withdraw the amendment.

The Chair (Mr. Grant Crack): Thank you very much. The government has withdrawn government motion 21.7.

We shall move to government motion 21.8. Ms. Hoggarth.

Ms. Ann Hoggarth: We will be withdrawing motion 21.8 as well.

The Chair (Mr. Grant Crack): I declare government motion 21.8 withdrawn, as per the request of the government member.

We shall move to government motion 21.9, which is a new subsection 14(10). Mr. Potts.

Mr. Arthur Potts: I move that section 14 of the bill be amended by adding the following subsection:

"Interpretation re prosecutions

"(10) For greater certainty, the consequences that may arise under subsections (7) and (8) do not affect the prosecution of an offence for a failure to comply with subsection (1)."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It's a technical amendment to ensure that those prosecuted for a failure to comply with section 14(1), despite the imposition of the consequences, have to submit additional allowances under (7).

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call the vote on government motion 21.9.

Those in favour? Those opposed? I declare government motion 21.9 carried.

In section 14, there is one amendment, which just passed. Is there any discussion on section 14, as amended? There being none, I shall call for the vote.

Shall section 14, as amended, carry? Those in favour? I declare section 14, as amended, carried.

We shall move to section 15. There's one amendment, government motion 21.10. Mr. Potts.

Mr. Arthur Potts: I move that subsection 15(1) of the bill be struck out and the following substituted:

"Mandatory participants: registration

"(1) A person who satisfies such criteria as may be prescribed by regulation is required to register as a mandatory participant in the cap and trade program under this act."

The Chair (Mr. Grant Crack): Thank you very much, Mr. Potts. Further discussion?

Mr. Arthur Potts: It just provides the necessary flexibility to deliver the reporting of the cap-and-trade program.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote on government motion 21.10.

Those in favour? Those opposed? I declare government motion 21.10 carried.

Section 15 has been amended with that one just-passed amendment. Is there any discussion on section 15, as amended? There being none, I shall call for the vote.

Shall section 15, as amended, carry? Those in favour? Those—

Ms. Lisa M. Thompson: Chair?

The Chair (Mr. Grant Crack): Yes, Ms. Thompson?

Ms. Lisa M. Thompson: I'd like to call for a 20-minute recess.

The Chair (Mr. Grant Crack): I would have entertained it, but I had already called for in favour, and there was an opposed. When you're in the middle of a vote, I can't stop that. I would have certainly entertained it when I had said, "I shall call for the vote." So I apologize, but that's the rules.

Ms. Lisa M. Thompson: That's okay.

The Chair (Mr. Grant Crack): Okay. Shall section 15, as amended, carry? I believe that we had those in favour, and I was calling for those opposed.

I then declare section 15, as amended, carried.

We shall move to section 16. There is a government motion 21.11, which is an amendment to subsection 16(1). Mr. Potts.

Mr. Arthur Potts: In the interest of being sensitive, does the member still need a 20-minute break?

Ms. Lisa M. Thompson: Thank you.

Mr. Arthur Potts: Do you need one?

Ms. Lisa M. Thompson: Yes.

Mr. Arthur Potts: I would be happy to entertain a motion to have a 20-minute break at this point.

The Chair (Mr. Grant Crack): Am I getting an official request for a 20-minute recess? So I can do that. I will entertain that prior to the vote, but if I'm in the process of saying, is there a—

Mr. Arthur Potts: No, I appreciate that.

Mr. Grant Crack: I prefer for you to read it into the record.

Mr. Arthur Potts: Now that the vote is over, if that's something that you want me to do, we're very receptive. I wouldn't want to stand in the way of a member's prerogative.

The Chair (Mr. Grant Crack): There are two opportunities to have a recess of varying lengths, up to 20 minutes. One of them is prior to a vote, which was just requested, but I had to deny. The other is, does the committee agree to a recess, and for how long would you like to recess?

Ms. Lisa M. Thompson: Twenty minutes?

The Chair (Mr. Grant Crack): I have a request now for a 20-minute recess. Is it the will of the committee to have a recess for 20 minutes? Any opposition? Then I declare a 20-minute recess effective immediately.

The committee recessed from 1540 to 1600.

The Chair (Mr. Grant Crack): Good afternoon, everyone. I'd like to call the meeting back to order after a 20-minute recess. I hope everyone is well.

We shall continue our good work on section 16. We'll move to government motion number 21.11, which is an amendment to subsection 16(1).

Mr. Arthur Potts: I move that subsection 16(1) of the bill be struck out and the following substituted:

"Voluntary participants: registration

"(1) A person who satisfies such criteria as may be prescribed by regulation may apply to the director in accordance with the regulations for registration as a voluntary participant in the cap and trade program under this act."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The motion is being introduced to provide necessary flexibility. Again, it's somewhat of a technical amendment.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Shall government motion 21.11 carry? Those in favour? Those opposed? Government motion 21.11 is carried.

We have one amendment, which just passed, to section 16. Further discussion on section 16, as amended? There being none, I shall call the vote.

Shall section 16, as amended, carry? Those in favour? I declare section 16, as amended, carried.

We shall move to section 17. There are no amendments. Any discussion on section 17? There being none, I shall call the vote.

Shall section 17 carry? Those in favour? I declare section 17 carried.

We shall move to section 18. There is one amendment, which is government motion 21.12.

Mr. Arthur Potts: I move that section 18 of the bill be amended by adding the following subsection:

"Other duties

"(2.1) Without limiting the generality of subsection (1), the conditions of registration as a mandatory or voluntary participant may include a requirement to give reports to the director and have the reports verified in accordance with the regulations by a person who is authorized by regulation to do so."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The motion is being introduced to provide participants with notice of a proposal to refuse a participant's request to cancel the registration and an opportunity to provide comments on that proposal.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 21.12.

Shall the motion carry? Those in favour? I declare government motion 21.12 carried.

Section 18 is amended with that one amendment. Any discussion on section 18, as amended? There being none, I shall call the vote.

Shall section 18, as amended, carry? I declare section 18 carried.

We shall move to section 19. There are no amendments. Any discussion on section 19? There being none, I shall call the vote.

Shall section 19 carry? I declare section 19 carried.

We shall move to section 20 and government motion 21.13, proposing new subsection 20(2.1).

Mr. Arthur Potts: I move that section 20 of the bill be amended by adding the following subsection:

"Opportunity to be heard

"(2.1) If the director proposes to refuse a participant's request under subsection (1) or (2), the director shall give the applicant notice of the proposal in accordance with the regulations and shall, in accordance with the regulations, give the applicant an opportunity to be heard."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Again, it's technical, to make it all work.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: It looks like a lot of technicalities to clean up. We're just wondering if this actually cleans it up and makes it worthy of a bill that really has a big impact on Ontario in the future.

The Chair (Mr. Grant Crack): Thank you very much.

Any further discussion? Mr. Potts.

Mr. Arthur Potts: We have some very smart lawyers working on that and making sure that we get it right as it goes to committee. We appreciate their hard work.

The Chair (Mr. Grant Crack): Any further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, we certainly saw the impact of a rushed bill like the Green Energy Act, so it's nice to see this government taking time to clean up Bill 172.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 21.13.

Those in favour of government motion 21.13? Those opposed? I declare government motion 21.13 carried.

Section 20 has that one amendment which just carried. Is there any discussion on the section, as amended? There being none, I shall call the vote on section 20, as amended.

Those in favour? I declare section 20, as amended, carried.

We shall move to section 21, which is "Cap and Trade Accounts and Transactions." Government motion number 21.14: Mr. Potts.

Mr. Arthur Potts: I move that section 21 of the bill be struck out and the following substituted:

"Prohibition, transactions by unregistered persons

"21(1) No person other than a registered participant shall purchase, sell, trade or otherwise deal with emission allowances and credits.

"Prohibition, transactions with unregistered persons, etc.

"(2) No registered participant shall,

"(a) purchase emission allowances and credits from a person who is not,

“(i) a registered participant, or

“(ii) a person who is permitted by a prescribed jurisdiction to purchase, sell, trade or otherwise deal with emission allowances and credits;

“(b) sell emission allowances and credits to a person who is not a person described in subclause (a)(i) or (ii); or

“(c) trade or otherwise deal with emission allowances and credits with a person who is not a person described in subclause (a)(i) or (ii).

“Prohibition, transactions prohibited etc. under conditions of registration

“(3) No registered participant shall purchase, sell, trade or otherwise deal with emission allowances and credits except in accordance with this act, the regulations and the conditions of the participant’s registration.

“Exceptions

“(4) Subsection (1) does not apply to the minister, the director and such other persons as may be prescribed.

“Same

“(5) Subsection (1) does not apply to a person who is permitted by a prescribed jurisdiction to purchase, sell, trade or otherwise deal with emission allowances and credits.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The motion introduces a prohibition that ensures that purchasing, selling, trading and otherwise dealing with credits only takes place between registered participants in Ontario or in prescribed—i.e. linked—jurisdictions.

The Chair (Mr. Arthur Potts): Further discussion? Mr. McDonnell.

Mr. Jim McDonnell: Just a clarification on the director or other persons who may be prescribed: Are there any details around who gets to be prescribed—other than people who donate money to the party?

Interjection.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote on government motion 21.14.

Those in favour? Those opposed? I declare government motion 21.14 carried.

We shall move to government motion 21.15. Mr. Potts.

Mr. Arthur Potts: We would like to withdraw that motion.

The Chair (Mr. Grant Crack): Government motion 21.15 is withdrawn.

Government motion 21.16, which is an amendment to subsection 21(4): Mr. Potts.

Mr. Arthur Potts: We would also like to withdraw that motion, Chair.

The Chair (Mr. Grant Crack): I declare government motion 21.16 withdrawn, as per the request.

We shall deal with section 21. There was one amendment. Is there any discussion on section 21, as amended? There being none, I shall call the vote on section 21, as amended.

Those in favour? I declare section 21, as amended, carried.

We shall move to section 22. There are no amendments. Any discussion on section 22? There being none, I shall call the vote.

Shall section 22 carry? I declare section 22 carried.

We have a proposed new section, 22.1, which is government motion 21.17. Mr. Potts.

1610

Mr. Arthur Potts: I move that the bill be amended by adding the following section:

“Recognition as account agent

“Application

“22.1(1) A person who satisfies such eligibility criteria as may be prescribed may apply to the director in accordance with the regulations for recognition as an account agent.

“Same

“(2) An applicant shall give the director such information as may be required by regulation and such additional information as may be required by the director for the purposes of the application.

“Director’s duty to recognize

“(3) Upon receiving the application, information and any applicable fee, the director shall recognize the applicant if the director determines that the applicant satisfies the applicable eligibility criteria.

“Conditions of recognition

“(4) An individual who is recognized shall comply with such conditions of recognition as may be imposed by regulation.

“Refusal of recognition

“(5) Despite subsection (3), the director may refuse to recognize the applicant if the director is of the opinion that the applicant should not be recognized, having regard to such circumstances as may be prescribed and such other matters as the director considers appropriate.

“Cancellation of recognition

“(6) The director may cancel the recognition of an account agent, in accordance with the regulations, in such circumstances as may be prescribed.”

The Chair (Mr. Grant Crack): Thank you very much, Mr. Potts. Further discussion?

Mr. Arthur Potts: Yes. The motion is being introduced to clarify the provisions related to recognition of account agents, which was not in the original bill, and with the addition of a provision where the director can apply the conditions necessary to recognize account agents.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I actually would very much appreciate further explanation as to why they’re pulling so much authority, if you will, into one role in terms of the director. I look forward to hearing what the government has to say.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The account agents provide a necessary bridge between the traders and the purchasers.

The director, through regulations, as prescribed, would be able to approve the recognition. It helps the whole process function much more efficiently.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I'm a little concerned because this really is an arbitrary determination of the director. There's no published requirements that an applicant has to satisfy. It talks about, really—in the opinion of the director. It leaves it open to abuse. We're somewhat concerned with that.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion number 21.17.

Those in favour? Those opposed? I declare government motion 21.17 carried.

We shall move to section 23.

Mr. Arthur Potts: Chair?

The Chair (Mr. Grant Crack): Point of order?

Mr. Arthur Potts: I'd like to just ask the Clerk for clarification. This was a new section. Do we not, then, vote on this section, 22.1?

The Chair (Mr. Grant Crack): It is just a motion which creates the new section, so it would be redundant to do it again.

Mr. Arthur Potts: Okay, thank you.

The Chair (Mr. Grant Crack): You're welcome.

Section 23: There is one amendment, government motion 21.18. Mr. Potts.

Mr. Arthur Potts: Yes, it is just one amendment. It's a little lengthy. Let me read it out to you.

The Chair (Mr. Grant Crack): That would be wonderful.

Mr. Arthur Potts: I move that section 23 of the bill be struck out and the following substituted:

"Designation of account agents

"Who may be designated

"23(1) A registered participant may designate an individual as an account agent of the participant if the individual is recognized under section 22.1 and meets such other criteria as may be prescribed with respect to the class of account agent.

"Same

"(2) A registered participant may designate an individual as an account agent of the participant if the individual is authorized by a prescribed jurisdiction to perform a similar function under a corresponding program of that jurisdiction.

"Powers and duties

"(3) The designated account agent may exercise such powers and shall perform such duties as may be specified by regulation with respect to the cap and trade accounts of the registered participant.

"Classes of agents

"(4) Regulations may establish different classes of designated account agents and may assign different powers and duties to each class.

"Same

"(5) Regulations may require registered participants to designate one or more account agents in each class and

may restrict the number of agents in each class that may be designated by a registered participant.

"Powers deemed to be exercised, etc. by registered participant

"(6) While a designated account agent is exercising powers and performing duties with respect to a registered participant's cap and trade accounts, all representations, acts, errors or omissions of the agent are deemed to be those of the registered participant."

The Chair (Mr. Grant Crack): Thank you very much; well read. Any further discussion? Mr. Potts.

Mr. Arthur Potts: Let's just say that it's nice to have experts to assist in assisting with participants in their activities.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: Yes, I'm just a little concerned about the level of bureaucracy it adds. There seem to be a lot of "mays"—in the opinion of the government. Again, we see another area where published qualifications would be a lot further ahead to qualifying just who can and who can't be an expert. Who is to say? We have many places where they don't accept the information from experts. In a case like this they're going to decide quite arbitrarily who they like to hear from and who they don't. It's somewhat of concern.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: I'm wondering if the government could further explain subsection 23(1): "A registered participant may designate an individual as an account agent of the participant if the individual is recognized under section 22.1 and meets such other criteria as may be prescribed with respect to the class account agent."

Can you drill down on that a little bit further, and speak to possibly the three different types of participants?

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: Subsection 23(1) simply takes the pre-qualifications in 22 and allows them then to prescribe the duties under 23. It's not rocket science; they're just bringing people who have expertise into the equation, into the fold, to make the whole thing run more smoothly.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Okay, so we have voluntary participants, non-voluntary participants and market participants who have been defined to be organizations or groups such as NGOs, banks etc.

With regard to 23(3):

"Powers and duties

"(3) The designated account agent may exercise such powers and shall perform such duties as may be specified by regulation with respect to the cap and -trade accounts of the registered participant."

We worry about the extended opportunities to the market participants that may start, for example, retiring credits.

I'd really appreciate the government to drill down on this a little bit more and convince us that they will not

disrespect or go beyond the powers and duties, as set out in this particular motion.

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: They're just acting as representatives of a participant. They're just an agent. They have all the same responsibilities of the participant. It's no rocket science—like a lawyer representing his client.

The Chair (Mr. Grant Crack): Mr. McDonnell?

Mr. Jim McDonnell: I know that the member opposite talks about prescribed under 22.1, but then also adds "other criteria as may be prescribed with respect...." The "may be prescribed" doesn't really bring it back to 22.1. You somewhat wonder just what qualifications they're going to require when they are not published but just at the whim of the director or whoever is making the decision.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.18.

Those in favour? Those opposed? I declare government motion 21.18 carried.

As such, section 23 is amended with that one amendment. Is there any discussion on section 23 as amended? If not, I shall call the vote.

Shall section 23, as amended, carry? I declare section 23, as amended, carried.

1620

We shall move to section 24. There is government motion 21.19, which amends subsection 24(1). Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(1) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Thank you very much. Further discussion on the motion?

Mr. Arthur Potts: It just clarifies the terminology we want to use throughout.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: On this side of the table in terms of the PC Party of Ontario, I'd just like to paraphrase and make sure that people reading the Hansard understand that while the government is using the word "clarify," we fully understand and see through this that they're cleaning up a number of mistakes in this particular bill.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for a vote on government motion 21.19.

Those in favour? Those opposed? I declare government motion 21.19 carried.

We shall move to government motion 21.20. Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(2) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Same rationale.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Any further discussion? There being none, I shall call for a vote on government motion 21.20.

Shall government motion 21.20 carry? There are none opposed. Government motion 21.20 is carried.

We shall move to government motion 21.21. Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(3) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Same rationale.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Ms. Thompson?

Ms. Lisa M. Thompson: I'm curious. We're hearing a lot of "same rationale." I would like to hear further explanation as to why the government needs to clarify these mistakes.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: We need only have you go back to the previous section and you'll see that the terminology is now being made consistent.

Ms. Lisa M. Thompson: Okay.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote on government motion 21.21.

Those in favour? Those opposed? I declare government motion 21.21 carried.

We shall move to government motion 21.22. Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(4) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.22.

Those in favour? Those opposed? I declare government motion 21.22 carried.

We shall move to government motion 21.23, which amends subsection 24(5). Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(5) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call the vote.

Shall government motion 21.23 carry? Those in favour? Those opposed? I declare government motion 21.23 carried.

Government motion 21.24, which amends subsection 24(6): Mr. Potts?

Mr. Arthur Potts: I move that subsection 24(6) of the bill be amended by striking out "recognized account agent" and substituting "designated account agent".

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion? There being none, I shall call the vote.

Shall government motion 21.24 carry? Those in favour? Those opposed? I declare government motion 21.24 carried.

We shall move to government motion 21.25. Mr. Potts.

Mr. Arthur Potts: I move that subsection 24(7) of the bill be amended by striking out “recognized account agent” and substituting “designated account agent”.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I would very much appreciate it if the government could go back to the previous section and point out exactly where this clarification will be impacted, just for the purpose of Hansard and people reading along. Is that possible?

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.25.

Those in favour? Those opposed? I declare government motion 21.25 carried.

Section 24 had a number of amendments. Is there any discussion on section 24, as amended? There being none, I shall call for the vote.

Shall section 24, as amended, carry? Those in favour? I declare section 24, as amended, carried.

We shall move to section 25. There are no amendments. Any discussion on section 25? There being none, I shall call the vote.

Shall section 25 carry? Those in favour? I declare section 25 carried.

We shall move to section 26. We have PC motion 21.25.1, which is an amendment to subsection 26(3). Mr. McDonell.

Mr. Jim McDonell: Yes, we’re withdrawing that because it is a duplicate.

The Chair (Mr. Grant Crack): Okay, so as per the request of the official opposition, PC motion 21.25.1 is withdrawn.

We have PC motion 21.25.2, which is an amendment to subsection 26(3). Ms. Thompson.

Ms. Lisa M. Thompson: I would like to draw everyone’s attention to the fact that we’ll withdraw that in lieu of 21.25.3.

The Chair (Mr. Grant Crack): There has been a request to withdraw, which, of course, is granted. So PC motion 21.25.2 is withdrawn.

That will take us to PC motion 21.25.3, which is an amendment to subsection 26(3). Just for clarification, everyone, it’s not in your big package; that one is in your little separate package. Who would like to read that? Ms. Thompson.

Ms. Lisa M. Thompson: I move that subsection 26(3) of the bill be struck out and the following substituted:

“Notice

“(3) The minister or the director shall notify the registered participant before removing emission allowances and credits from the participant’s cap and trade accounts.”

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: With something of this significance, we feel that the minister should have the responsibility to notify companies in terms of the emission allowance before anything gets removed. That goes

the same for credits as well. If emission allowances or credits are removed from anyone’s account, this is pretty significant. Therefore, we feel that it behooves the minister or director to reach out to that particular company.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, we’ll be voting against this. It’s absolutely important as a process of the enforcement that we have this opportunity. In a case, for instance, where allowances were removed as part of an enforcement action, if notice were given, the non-compliant entity could simply just remove their allowances from their account and you’d lose that opportunity. So we’ll have to vote against this.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I think, if you review, that we’re just asking that they actually be notified. I think that would only be what would be expected in something as important as this. If they have been approved and now you’re removing them, I think that would be the minimum that would be expected. I’m not saying the minister necessarily—

Ms. Lisa M. Thompson: The minister or the director.

Mr. Jim McDonell: —but the director who has been designated.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 21.25.3.

Those in favour? Those opposed? I declare PC motion 21.25.3 defeated.

We shall move to government motion 21.26, which is an amendment to subsection 26(4). Mr. Potts.

Mr. Arthur Potts: I move that subsection 26(4) of the bill be struck out and the following substituted:

“Reversal

“(4) The minister or director may reverse a transfer between cap and trade accounts if the transfer was made in error by the minister or director, as the case may be, or in such other circumstances as may be prescribed.”

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The motion is being introduced to provide the ability to the director to reverse a trade in error to ensure that it’s properly administered in the program.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I just think it’s ironic that our previous PC motion that was going to require the minister or director to notify a registered participant before removing emission allowances or credits from a participant’s cap-and-trade account was voted down, but meanwhile the minister or director can reverse transfers. The consistency of actions here is very much lacking in terms of the responsibility of those participants, the minister or the director. It’s too bad.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 21.26.

Those in favour? Those opposed? I saw four hands go up there, so I'm going to declare it carried.

Mr. Jim McDonell: I didn't see four hands.

Ms. Lisa M. Thompson: I didn't see four hands.

The Chair (Mr. Grant Crack): I saw one, two, three and the last one. I didn't see his; he said no. Three hands didn't go up?

Ms. Lisa M. Thompson: Yes.

The Chair (Mr. Grant Crack): There's some confusion here, so I'm going to recall the vote.

Those in favour of government motion 21.26? Those opposed?

Mr. Jim McDonell: There, the trained seals are together.

The Chair (Mr. Grant Crack): I declare government motion 21.26 carried.

Mrs. Kathryn McGarry: Point of order.

The Chair (Mr. Grant Crack): Point of order, Mrs. McGarry.

Mrs. Kathryn McGarry: He was asking for a show of hands; we put our show of hands up. We don't need that kind of commentary. It's not very professional. Thank you.

The Chair (Mr. Grant Crack): That's not a point of order, but thank you.

We have one amendment to section 26, so section 26 is amended. Any further discussion on section 26? There being none, I shall call a vote.

Shall section 26, as amended, carry? I declare section 26, as amended, carried.

We shall move to section 27. We shall move to government motion 21.27, which is an amendment to subsection 27(1). Mr. Potts.

Mr. Arthur Potts: I move that subsection 27(1) of the bill be struck out and the following substituted:

"Prohibitions re: cap and trade accounts

"Unauthorized transfer between accounts

"(1) No registered participant or designated account agent shall transfer an emission allowance or credit between the participant's cap and trade accounts in contravention of a requirement or restriction imposed under this act."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It just changes the designation, again, of "recognized account agent" with "designated account agent."

Ms. Lisa M. Thompson: I would actually like to call a 10-minute recess.

The Chair (Mr. Grant Crack): It's prior to the vote, so that's allowed. Is there further discussion on government motion 21.27? There being none, I would be calling the vote, but there has been a request for 10 minutes, so I shall grant the 10-minute recess, effective immediately.

The committee recessed from 1632 to 1642.

The Chair (Mr. Grant Crack): I'd like to call the meeting back to order. It has been 10 minutes.

We are on government motion 21.27. There was a request for a recess prior, which means that there is no

further discussion, so I shall call for the vote on government motion 21.27.

Those in favour? Those opposed? I declare government motion 21.27 as carried.

We shall move to government motion 21.28, which is an amendment to subsection 27(2). Mr. Potts.

Mr. Arthur Potts: I move that subsection 27(2) of the bill be amended by striking out "registered participant" at the end and substituting "person".

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The motion is being introduced to ensure that the rules about unauthorized holdings apply to all persons, rather than just registered participants. It expands that.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 21.28.

Those in favour? Those opposed? I declare government motion 21.28 carried.

There are two amendments to section 27. Therefore, section 27 is amended. Is there any discussion on the amended section? There being none, I shall call for a vote.

Shall section 27, as amended, carry? I did not hear any opposition, so section 27, as amended, is carried.

We shall move to section 28. There is a PC motion, 21.29, proposing new subsection 28(4.1). Ms. Thompson.

Ms. Lisa M. Thompson: We withdraw this.

The Chair (Mr. Grant Crack): There has been a request to withdraw, which is granted. PC motion 21.29 is withdrawn.

We shall move to PC motion 21.30, which is an amendment proposing new subsection 28(4.1). Ms. Thompson.

Ms. Lisa M. Thompson: I move that section 28 of the bill be amended by adding the following subsection:

"Reducing supply

"(4.1) A market participant shall not purchase an emission allowance for the purpose of reducing the supply of emission allowances."

The Chair (Mr. Grant Crack): Discussion?

Ms. Lisa M. Thompson: We feel very strongly about this. Again, when we sat through the ministry briefing, this jumped out at us. Bill 172 is probably one of the most influential pieces of legislation that is going to impact all Ontarians, some would argue in a negative way. For instance, the cost of home heating and gasoline is going to go up \$900 a year, by some stakeholders' measures, which is significant when all Ontario taxpayers already have shallow pockets because of electricity bills.

We feel very strongly that we need to be cognizant of who is going to be controlling credits and the opportunity for businesses to manage their emissions. When we have NGOs coming into the market and buying credits with the full purpose of retiring them, that just doesn't sit well with us. It's going to drive the cost of credits upward, we've heard from stakeholder after stakeholder. We need to be open for business in Ontario as opposed to setting

hurdle after hurdle. Again, businesses—stakeholders—are looking for stability and bankability, and when you allow people who aren't truly involved in reducing emissions to garner and take away credits from the marketplace, there are big concerns here. As I said, reducing the supply of allowances will make it even more costly and difficult for companies to meet the ceiling; to meet their caps.

I can't stress enough—this government has seen 300,000 manufacturing jobs leave this province—that we need to be doing everything we can to attract business as opposed to giving them every reason to pack their bags and get out of Ontario as quickly as possible.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The member opposite talks about “open for business,” and then the recommendation is that they restrict the basis of people's trading on intent. It's an absolute legal quagmire to get to the intent of a purchase. It just doesn't happen.

I wish we had those free trade Conservatives back in the House, because it would be absolutely impossible to prove intent, and it would become such a legal nightmare. We'll be voting against this.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I look at this and see companies buying allowances only not to use them and make sure they're not available to the market—very damaging, especially if you have companies that are, for whatever reason; I guess there's no shortage of reasons, under this government, why a manufacturer would have trouble competing. Now, somebody would be able to drive up the cost of allowances by reducing the number available or pull them out of the market so somebody else who needs them can't use them. I can see that as being very damaging for many companies. I guess I'd be somewhat concerned that we would allow people to manipulate the market to that extent.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: You know, it's interesting: This government has clearly rushed this bill through, given the number of amendments it is making in committee. It's almost unprecedented how many amendments the government is making to its own bill. When you talk around Queen's Park, everybody is agreeing to that.

We have to make sure we get this right, and in terms and in the spirit of getting this right, we need to make sure that the participants that are truly impacted by this Liberal cap-and-trade scheme are the ones that are held in priority—participatory and non-participatory. I feel very strongly that we need, as our motion reads, “A market participant shall not purchase an emission allowance for the purpose of reducing the supply of emission allowances.” If this is reported to the minister, it would be pretty easy to track and prove what is happening with those particular credits or allowances that are purchased by a market participant.

1650

Again, we want to get this right. We're trying to help you. For goodness' sake, a former employee of Premier

Dalton McGuinty said just last week—and we wanted to hear more deputants, but we were held to only two days, and there were 49 organizations that came forward to offer deputations. But going back specifically to the one deputation, it alluded to the fact that in the first year or two, it was a mess. It's very complex.

This motion allows us an opportunity to get things right for the companies that are actually impacted by this cap-and-trade scheme as opposed to allowing a third market participant in. It's one thing to say that it should be an open market. We would just like the government to respect and give some credence to our motion, which we think adds validity: “A market participant shall not purchase an emission allowance for the purpose of reducing the supply of emission allowances.”

You know that the cap-and-trade scheme failed in Europe. We heard that over and over again. For goodness' sake, for once, work with us. If you're going to follow the cap-and-trade scheme, this motion in particular would give it some credibility.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: Again, we're jumping ahead of most of our neighbours to the south in our cap-and-trade scheme here. Most of our manufacturers are competing against jurisdictions that are not involved in a similar plan. If you have friendly neighbours of theirs—I would hope that the government decides what offsets are available. They're there for a reason. They're there to help our own companies, our own businesses. If somebody in a neighbouring jurisdiction decides to essentially pull offsets off the market, that would be kind of contrary to what the government direction would be.

We've seen in the past that many times, things are done—we have competition laws here that don't allow that. This seems to be a loophole that will allow, through another manner, somebody to put an uncompetitive restriction on a company and put them out of business.

So we are very concerned about this. If these are set by the government, why would they allow another company to remove them? Obviously, there's an issue there.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Again, we feel that we've taken a very responsible approach to this whole issue of who shall buy allowances just for the purpose of retiring them. Looking ahead in our package, you'll see that we would like to suggest that the minister be responsible for tracking who buys allowances for the sole purpose of retiring them. To satisfy the government's concern over there, we feel it would be very easy to prove who would be purchasing allowances for the sole purpose of retiring them.

I think this would be an easy one for the government to get behind and support. This would add credibility to this bill; there are no two ways about it.

The Chair (Mr. Grant Crack): Thank you. Further discussion? There being none, then I shall call for the vote on PC motion 21.30.

Ms. Lisa M. Thompson: Recorded vote, please.

The Chair (Mr. Grant Crack): That's fair. A recorded vote has been requested.

Ayes

McDonell, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare PC motion 21.30 defeated.

As there are no amendments to section 28, is there any discussion on section 28? There being none, I shall call the vote.

Shall section 28 carry? I declare section 28 carried.

We shall move to section 29, which is the emission allowances and credits section. We haven't heard from him for quite some time, but this is NDP motion 22, which is an amendment to subsection 29(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 29(2) of the bill be struck out and the following substituted:

"Maximum number, etc.

"(2) Before the beginning of each compliance period, the minister shall publish an outlook estimating the projected demand for allowances during that compliance period of the program. The allowances created for that compliance period shall be determined with reference to the targets established under section 6, and shall not exceed the projected demand for such allowances."

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: The logic, Chair, is ensuring that we aren't flooding the market with allowances such that it drives down the price of carbon, and such that it reduces our potential to actually meet the goals that have been set in the act. I think it's a fairly straightforward amendment.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: We just want to point out here that we've established and pointed out for years that the Liberals seldom, if ever, consider the cost of their policies. We can point out the neonic ban; we can point out the Green Energy Act. The list could go on and on. So we actually support this NDP motion to require a demand outlook for allowances. It's good economic sense.

Again, I can't stress enough that time and again we've seen this Liberal government respond to knee-jerk asks of, perhaps, funders, as opposed to really pulling together good, thoughtful legislation that has been costed out, because we know you certainly didn't do that with the neonicotinoid ban.

Laughter.

Ms. Lisa M. Thompson: It's true. It's very true.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I guess I'm rising to the bait.

We're looking at this amendment and the notion of providing speculative estimates of allowances in advance

of the market trading would have the effect of unduly influencing the market and prices. That's not how free markets work. You don't get out there—it's almost like an insider trading methodology.

I'm not surprised that the Tories would be supporting this. It's all part of this background filibuster that they seem to be engaged in right now. They're showing their true colours once again. They don't like the legislation and they'll do everything they can to try to sideline it. Really, we'll be voting against this, and I'm not surprised that they're picking up on it and speaking to it.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: There's no question we don't like the legislation. We've said that from the beginning. We see this as very dangerous. We're jumping ahead of our competitors.

What this motion is asking for is just to publish information that, supposedly, you already have. It would allow comment from the public. I would hope, generally, when experts are allowed to review data from any government and comment on it, it only makes the data more valid. So I'm not sure why there would be any resistance to putting this through.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): A recorded vote has been requested on NDP motion number 22. There being no further discussion, I shall call the vote.

Ayes

McDonell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 22 defeated.

We shall move to PC motion 22.0.1, proposing a new subsection 29(3.1).

Ms. Lisa M. Thompson: We withdraw.

The Chair (Mr. Grant Crack): Ms. Thompson from the official opposition has indicated their position to withdraw, so PC motion 22.0.1 is withdrawn.

We shall move to PC motion 22.0.2, which is proposing a new subsection 29(3). Ms. Thompson.

Ms. Lisa M. Thompson: I move that section 29 of the bill be amended by adding the following subsection:

"Restriction re: purchase by market participant

"(3.1) The minister shall not retire Ontario emission allowances that have been purchased by a market participant."

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: Again, we ask for some common sense here to recognize that when market participants are allowed to purchase allowances for the sole purpose of retiring them, this could lead to a slowdown

of business. The cost of the allowances will go through the roof, and businesses will be forced to slow down production and lay off employees.

Look, government, you've already seen and caused 300,000 manufacturing jobs to leave this province. Some of the best economic development initiatives that are happening right now by our US neighbours are the economic development offices that they're setting up in London and Cornwall to attract and entice good Ontario jobs south of the border. From better electricity rates to lower taxes, the list goes on and on. I think that it's time that this government, who proclaim to be open for business, actually realize that their failed policies are doing nothing but in fact closing up businesses.

1700

With regard to our motion, again, "The minister shall not retire Ontario emission allowances that have been purchased by a market participant"—that will recognize that you understand that there are going to be many companies that will already have a difficult time meeting the hard caps under this scheme.

Laughter.

Ms. Lisa M. Thompson: Ladies and gentlemen, you can't laugh at this. You're laughing at driving out Ontario jobs. You folks across the way are so arrogant. They don't give a hoot about these strong arguments that have been put forth by stakeholders. This isn't just a PC position; these are actual concerns that are being shared with us by stakeholders that you should have been consulting with, but instead, Chair, they laugh—

Ms. Eleanor McMahon: Chair, a point of order.

The Chair (Mr. Grant Crack): Point of order.

Ms. Eleanor McMahon: I just want to clarify. The honourable member is referring to laughter on this side, which is allowed the last time I looked, because we live in a free country. I just want it noted for the record that I'm not laughing at you. I'm not laughing at your comments. You could ask, and you didn't. Next time, you should.

Thank you, Mr. Chair. I appreciate you giving me the floor.

The Chair (Mr. Grant Crack): Thank you for clarifying, but that is not a point of order.

Interjections.

The Chair (Mr. Grant Crack): Order, order.

Ms. Thompson, you have the floor. Continue.

Ms. Lisa M. Thompson: Stakeholders and the PC Party in Ontario alike don't trust this government to get anything right. With that, that's why we choose very strongly to stand up and represent our stakeholders. This is just appalling, the manner in which this government is forging ahead, closing the doors and driving more business out of Ontario.

We feel very strongly about this particular motion, and that there are going to be huge ramifications that they're going to have to own when more businesses close their doors and choose to move to a different jurisdiction.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I just want to add that I'm very concerned that these types of things allow these markets to be artificially inflated. It affects real people. This will lead to layoffs and to bankruptcies, even more so than we see.

This is not a bill or an initiative that this government talked about during the last election. They don't have public support. Maybe they want to take it back to the public and see if they want to move ahead in advance of the rest of the continent. Our real competitors are not doing anything at this time.

Businesses require surety. They require knowing what the rules are. It's fine to move ahead with something like this, but when you're creating other jurisdictions that are allowed to operate at a much lower cost—we already see the impact of the electricity rates and the higher property taxes.

I sit down at home and I see the advertisements from our New York neighbours: "Come on over. We offer cheaper electricity. We offer cheaper property taxes and cheaper payroll taxes." I think that—

Mr. Arthur Potts: Chair, a point of order.

The Chair (Mr. Grant Crack): Point of order. Sorry, Mr. McDonell.

Mr. Potts.

Mr. Arthur Potts: I think it would be important for the member to focus his debate on the amendments and the bill. He's talking about property tax and a whole range of other issues. Let's kind of rein this in somewhat.

The Chair (Mr. Grant Crack): Thank you very much for your comments, Mr. Potts.

Continue, Mr. McDonell.

Mr. Jim McDonell: I sat in committee through many, many filibusters by this government, so it's a little bit rich that they'd be talking about us when we're talking about a motion here. Just last year, when they put through the hydro bill, they filibustered so we wouldn't get minutes accepted so that we could actually question the government or Hydro One about the changes.

This is just another law that has really been going through without the acceptance of the public. We are very concerned that it will lead to more jobs being lost, and we think this government should care about that.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Just so you know, as recently as last Thursday, I toured the facility of a significant stakeholder around the north end of the 427. They employ 300 people, and they are very, very concerned about the Liberal track record and the effect this cap-and-trade scheme is going to have on their business. When they're doing cost projections to justify keeping a business in Ontario that has affiliates in different provinces and states, they can't help but add in their cost of electricity with a forecast of how cap-and-trade is going to drive up their business. It's an irresponsible comment on the government side to say that electricity and cap-and-trade don't go hand in hand—very irresponsible.

I can tell you that the cost of electricity and the global adjustment alone make the cost of doing business for this

Ontario business \$2 million more than its other provincial as well as US counterparts. There are serious stakes here, and this government had better wake up to it. If we don't have our manufacturers in our tax base in Ontario, that \$1 billion of interest we are paying every month is just going to escalate.

It's time that this government and this committee got serious about the implications of ill-conceived policies.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion number 22.0.2.

Mr. Jim McDonell: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

McDonell, Thompson.

Nays

Hoggarth, Malhi, McGarry, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare PC motion number 22.0.2 defeated.

We shall move to government motion 22.1, which is an amendment to subsections 29(2), (3) and (4). Mr. Potts.

Mr. Arthur Potts: I move that subsections 29(2), (3) and (4) of the bill be struck out and the following substituted:

"Maximum number, amount

"(2) The regulations shall prescribe the maximum number or amount of Ontario emission allowances that may be created for a period, and the maximum shall be determined with reference to the targets established under section 6 for the reduction of greenhouse gas emissions."

The Chair (Mr. Grant Crack): Discussion?

Mr. Arthur Potts: The motion makes an editorial change to subsection (2)—which are proposed to be relocated, with technical amendments, to a later section; you'll see how these fit in a little bit more down the road.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I just want an explanation. It talks about ensuring that the minister cannot reallocate allowances from participants. We're just wondering why. Are we worried about foul play? Why would they put in such a restriction? We agree that arbitrary changes should not be made; we see this as positive. But we're just wondering why they are coming back. I guess you're not saying—

Ms. Lisa M. Thompson: Chair?

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I think they have woken up to the fact that there was a lot of foul play and fraud implemented in the European Union cap-and-trade scheme, and they realize that they are up against a tough—again, I just remind everyone of the deputation

we had last week. Dalton McGuinty's former employee actually said that this scheme could very well be a mess for the next year or two. They're just cleaning up a rushed piece of legislation and closing loopholes that they did not have a chance to actually realize because they rushed this legislation out the door. Let's be real: The minister had a photo op in British Columbia, they rushed this legislation and now they're using committee—unprecedentedly, for the record—to clean up a mess that they made in Bill 172.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote—

Ms. Lisa M. Thompson: Excuse me, Chair. I'd like to ask for a 20-minute recess.

The Chair (Mr. Grant Crack): That is in order. There has been a request, so we shall recess for 20 minutes.

The committee recessed from 1710 to 1730.

The Chair (Mr. Grant Crack): I call the meeting back to order.

We are about to vote on government motion 22.1. I call for the vote.

Those in favour? Any opposed? Government motion 22.1 is carried.

We have one amendment to section 29. Therefore, section 29 is amended. Is there any discussion on the amended section? There being none, I shall call the vote.

Shall section 29, as amended, carry? Those in favour? Carried it is. I declare section 29 carried.

We shall move to section 30.

Mr. Arthur Potts: Chair, if I could beg the indulgence of the committee, I would be very appreciative if we had unanimous consent to stand down discussion on section 30 until later in the deliberations.

The Chair (Mr. Grant Crack): Mr. Potts has requested that section 30 be stood down until next meeting. Is that what you're requesting?

Mr. Arthur Potts: Next meeting, or if we can get through the other 100 amendments in half an hour.

Yes, until Wednesday.

The Chair (Mr. Grant Crack): Okay, until such time. It's Wednesday we meet. Any questions or comments on the request? Ms. Thompson.

Ms. Lisa M. Thompson: Just for clarification, would it be at the beginning of Wednesday's session?

Mr. Arthur Potts: No, I think it all happens in order. We have to go through, and then before schedules, we come back and do the ones that we've already stood down.

The Chair (Mr. Grant Crack): Just for clarification, it's possible that this process could take us into the next week as well, into Monday. Based on the volume of amendments, we might not even get through them on the Wednesday. I just wanted to make that point.

Any further discussion? Is it the consensus of the committee? I hear agreement. It is agreed by the committee that section 30 will be stood down until further notice.

Mr. Peter Tabuns: Which amendment numbers are those, Mr. Chair?

The Chair (Mr. Grant Crack): Those would be amendment numbers 22.2 all the way to NDP motion 30.

Mr. Jim McDonell: So 30.0.2 would be the last one we stand down? Is that the idea?

The Chair (Mr. Grant Crack): No, because those are new sections. It will actually be NDP motion 30.

Is that clear? Is everybody okay with that? Mr. Tabuns.

Mr. Peter Tabuns: So then the next motion would be 30.0.1?

The Chair (Mr. Grant Crack): That's correct.

Mr. Peter Tabuns: Okay. I understand where we are. Thank you.

Mr. Jim McDonell: So 29.3 is the last one we're not doing.

Ms. Lisa M. Thompson: No, 30.

The Chair (Mr. Grant Crack): Oh, because we're bringing in a new 30? Okay. For clarification, we are going to be standing down PC motion 22.2 all the way to NDP motion 30.

We shall now move to the new PC section 30.1, which is proposed by the official opposition—motion number 30.0.1. I will ask Ms. Thompson and/or Mr. McDonell to read that into the record at your earliest convenience.

Ms. Lisa M. Thompson: Thank you. Two seconds here.

The Chair (Mr. Grant Crack): No problem. Mr. McDonell.

Ms. Lisa M. Thompson: We're going to withdraw.

The Chair (Mr. Grant Crack): PC motion number 30.0.1 is withdrawn?

Ms. Lisa M. Thompson: Correct.

The Chair (Mr. Grant Crack): I declare PC motion 30.0.1 withdrawn.

We shall move to PC motion 30.0.2, which is a new section 30.1. Mr. McDonell.

Mr. Jim McDonell: I move that the bill be amended by adding the following section:

"Public notice of Ontario emission allowances

"30.1(1) The minister shall make the following available to the public in accordance with subsection (2) in respect of each compliance period:

"1. The maximum number or amount of Ontario emission allowances that may be created under subsection 29(2).

"2. The total amount of Ontario emission allowances that may be distributed under section 30.

"3. The total amount of Ontario emission allowances that may be distributed free of charge under subsection 30(2).

"Same

"(2) The information referred to in subsection (1) shall be made available to the public on a website of the government or in such other manner as may be prescribed by the regulations,

"(a) in respect of the first compliance period, not later than the first day of the compliance period; and

"(b) in respect of each subsequent compliance period, not later than the day that is one year before the first day of the compliance period.

"Amounts distributed free of charge

"(3) The minister shall make the following available to the public in accordance with subsection (4):

"1. The name of each registered participant that receives an Ontario emission allowance free of charge under subsection 30(2).

"2. The amount of such allowances each participant receives.

"Same

"(4) The information referred to in subsection (3) shall be made available to the public on a website of the government or in such other manner as may be prescribed by the regulations 10 days before the allowances are deposited into the participant's cap and trade account."

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I'm interested in hearing the arguments pro and con on this. This amends 30.1(2)—sorry, 30.1(3) refers to 30(2). It may be that 30(2) is changed in the course of our debate on this. So it may make sense for us to hold this one down as well. Until we see what's being brought forward, who knows what changes there will be?

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I appreciate that. It's something that we don't want to miss. But just to clarify, Chair, to make sure we get through all of the motions, we may extend to next Monday as well, so we definitely will get to this if we stand it down.

The Chair (Mr. Grant Crack): If there's a request for it to be stood down, and the committee agrees as well, it will follow the section that the government has just asked to stand down, because we're going to do that in order.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I guess since this is the same motion, we probably should let this stand down until we see how it is affected by the previous section.

The Chair (Mr. Grant Crack): Am I getting an official request to stand down this proposed motion?

Mr. Peter Tabuns: Put it with the earlier ones.

The Chair (Mr. Grant Crack): Am I getting a request? Yes. So Mr. Tabuns is requesting that this one—okay, I'll accept that. I believe we have consensus to stand this one down as well.

Mr. Peter Tabuns: Yes.

The Chair (Mr. Grant Crack): For the record, we will stand down PC motion 30.0.2, which will follow section 30. It will be brought back to committee at the appropriate time.

We shall move to section 31. We have government motion 30.1, which is an amendment to subsection 31(2). Mr. Potts.

Mr. Arthur Potts: I move that subsection 31(2) of the bill be amended by striking out “prohibited by regulation or by an order may purchase emission allowances at an auction” at the end and substituting “prohibited under this act or by an order may purchase emission allowances at an auction or sale”.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It’s a technical amendment that just clarifies a prohibition against who can participate at an auction.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 30.1.

Those in favour? Those opposed? I declare government motion 30.1 carried.

We shall move to government motion 30.2, which is an amendment to subsection 31(3). Mr. Potts.

Mr. Arthur Potts: I move that subsection 31(3) of the bill be amended by adding “or sale” at the end.

1740

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Yes. The motion allows for the regulations to facilitate the direct sale of allowances.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 30.2.

Those in favour? Those opposed? I declare government motion 30.2 carried.

We shall move to government motion 30.3, which is an amendment to subsection 31(4). Mr. Potts.

Mr. Arthur Potts: I move that subsection 31(4) of the bill be amended by adding “or sale” at the end.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: The amendment will authorize regulations to allow for the setting of purchase limits at a sale, if needed in the future.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 30.3.

Those in favour? Any opposed? I declare government motion 30.3 carried.

We shall move to government motion 30.4, which amends subsections 31(7) and (8). Mr. Potts.

Mr. Arthur Potts: I move that subsections 31(7) and (8) of the bill be struck out and the following substituted:

“Same

“(7) No person shall disclose whether or not the person is taking part in an auction or any other information relating to the person’s participation in an auction, including the person’s identity, bidding strategy, the amount of the person’s bids and the quantity of emission allowances concerned, and the financial information provided to the director in connection with the auction.

“Same

“(8) If a prospective purchaser retains the services of another person in connection with an auction, the other person shall not disclose any of the information described in subsection (7) relating to the prospective purchaser.

“Exception

“(9) Subsections (6), (7) and (8) do not apply with respect to a disclosure to such persons as may be prescribed.

“Prohibition re: bidding strategy

“(10) No person shall coordinate the bidding strategy of more than one prospective purchaser in connection with an auction.

“Sale, auction on behalf of participant

“(11) In such circumstances as may be prescribed, where Ontario emission allowances have been removed from a registered participant’s cap and trade accounts, the minister may, in accordance with the regulations, sell or auction the allowances on behalf of the participant.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The motion prohibits the sharing of information, which is important in order to keep transparency and keep it fair. It also allows the minister to sell off auction allowances where a participant does not remove allowances.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: We all know, and we heard it from businesses and organizations alike, that this legislation was rushed. It’s imperative that we get it right, because the integrity of any cap-and-trade scheme is paramount, wherever we can try and fit it in. We’re pleased to support any effort to increase transparency and accountability of this government, so we’ll be supporting this.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 30.4.

Those in favour? Those opposed? I declare government motion 30.4 carried.

We shall deal with section 31 in its entirety. There were four amendments, so section 31 is amended. Any discussion on the amended section? There being none, I shall call the vote.

Shall section 31, as amended, carry? Those in favour? I declare section 31, as amended, carried.

We have PC motion number 30.5, which is an amendment creating a new section—

Ms. Lisa M. Thompson: That’s a government motion.

The Chair (Mr. Grant Crack): I have an error here, so that’s not my fault. As I said earlier, I’m not going to make a mistake. We have a new government motion on section 31.1, which is actually motion 30.5. Mr. Potts.

Mr. Arthur Potts: Thank you, Chair. I thought you were being prescient on the unanimous support of the motion.

I move that the bill be amended by adding the following section:

“Retiring, cancelling emission allowances

“31.1(1) The minister may, in such circumstances as may be prescribed and in accordance with the regulations, retire emission allowances from circulation.

“Cancellation

“(2) The minister may cancel Ontario emission allowances in accordance with the regulations in such circumstances as may be prescribed.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: This goes back to subsections 29 and 34. We’re relocating this authority into this section, for better clarity.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We’re just looking at this. I’d like to call a 20-minute recess to discuss this with our team.

The Chair (Mr. Grant Crack): Since there are only 15 minutes left—

Mr. Arthur Potts: Why don’t you just move adjournment?

The Chair (Mr. Grant Crack): Well, no, we’d have to go through the rites of passage. But will there be another five minutes if the—no, eh?

Interjections.

The Chair (Mr. Grant Crack): Right. You’re asking for a 20-minute recess; that’s fine. That can be asked for at any time. Is discussion over on this particular section?

Mr. Jim McDonell: Well, we’re not quite sure.

The Chair (Mr. Grant Crack): Okay. So there’s just a request for a 20-minute recess. That’s in order.

Given the fact that there’s not enough time left on the clock, it will be a 15-minute recess. When we come back, we will be calling for the vote immediately on Wednesday.

Interjections.

The Chair (Mr. Grant Crack): Is there agreement that we can adjourn until 6 p.m.?

Mr. Arthur Potts: No agreement necessary. It’s automatic.

The Chair (Mr. Grant Crack): No, it’s not automatic because it’s not before the vote. We’re still in discussion on the actual—I didn’t call for a vote.

Mr. Arthur Potts: No agreement, then.

The Chair (Mr. Grant Crack): Sorry?

Mr. Arthur Potts: No agreement. I move that we adjourn for the day.

The Chair (Mr. Grant Crack): Okay.

Interjections.

Mr. Jim McDonell: Do you want us to wait until the discussion is over?

The Chair (Mr. Grant Crack): Well, there were options that you could have used, but Mr. Potts has put forward a motion to adjourn, so the meeting is adjourned—no, wait.

Interjection.

The Chair (Mr. Grant Crack): There’s a vote. There’s a vote on whether or not we adjourn. Is there discussion? No, there’s no discussion. Therefore, I shall call the vote on adjourning.

Those in favour of adjourning? Those opposed? I declare the meeting adjourned until Wednesday at 2 p.m.

The Clerk of the Committee (Ms. Sylwia Przewdziecki): It’s 4 p.m.

The Chair (Mr. Grant Crack): It’s Wednesday at 4 p.m. Sorry.

The committee adjourned at 1747.

CONTENTS

Monday 11 April 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-943
--	-------

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mrs. Kathryn McGarry (Cambridge L)

Mr. Arthur Potts (Beaches–East York L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Clerk / Greffière

Ms. Sylwia Przedziecki

Staff / Personnel

Ms. Laura Hopkins, legislative counsel

G-46



G-46

ISSN 1180-5218

Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 13 April 2016

Journal des débats (Hansard)

Mercredi 13 avril 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Wednesday 13 April 2016

Mercredi 13 avril 2016

*The committee met at 1600 in committee room 2.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good afternoon, members of the committee, support staff and members of the public. I call the meeting to order. This is the Standing Committee on General Government. Today, we're here to continue clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas.

As you all recall, hopefully, we made some good progress on Monday, and we shall continue moving forward with our clause-by-clause consideration. At the end of Monday's meeting, there was a request to adjourn during discussions on PC motion number 30.5. We're here this afternoon to commence by continuing discussion on PC motion 30.5, which—

Mr. Peter Tabuns: Government motion.

The Chair (Mr. Grant Crack): Yes, government motion 30.5.

Ms. Lisa M. Thompson: He's just testing.

The Chair (Mr. Grant Crack): Sorry. My PC's still sitting there.

Interjections.

The Chair (Mr. Grant Crack): Government motion number 30.5 is what we're going to continue to debate. It has been duly moved. As such, I will ask, is there any further debate on government motion 30.5? Ms. Thompson.

Ms. Lisa M. Thompson: For the most part, when we had time to reflect on it a little bit more, we're good with this amendment. However, there's one key change that we would like to make to the amendment, so I would like to move a subamendment.

We would like to add to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Thank you very much. Is the motion clear? Mr. Potts.

Mr. Arthur Potts: A clarification: Is it within order to make this—

The Chair (Mr. Grant Crack): Sorry. What's the question?

Mr. Arthur Potts: I'd ask the Clerk whether the amendment to an amendment is in order at this point.

The Chair (Mr. Grant Crack): The amendment is in order, but for clarification purposes, maybe we can take a few minutes to allow for a copy of the subamendment to be distributed amongst all the members.

Mr. Arthur Potts: Yes.

Ms. Lisa M. Thompson: Sure.

The Chair (Mr. Grant Crack): I would ask the Clerk to oversee that process, please. We'll recess for up to five minutes, or as long as it takes the Clerk to get that particular information.

Mr. Tabuns?

Mr. Peter Tabuns: I'll be asking for legislative counsel to give an opinion as well.

The Chair (Mr. Grant Crack): Okay. Thank you.

Mr. Peter Tabuns: You may want to ask her to look at the amendments and be prepared to answer questions.

The Chair (Mr. Grant Crack): Okay.

The committee recessed from 1603 to 1614.

The Chair (Mr. Grant Crack): I would like to call the meeting back to order after a short recess. I thank the Clerk's office and leg counsel for the assistance in preparing the subamendment. I would ask Ms. Thompson to read the subamendment into the record one more time, please.

Ms. Lisa M. Thompson: I move that subsections 31.1(1) and (2) of the bill, as set out in motion number 30.5, be amended by adding to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Further discussion on the subamendment? Ms. Thompson.

Ms. Lisa M. Thompson: Sure. This picks up where we left off Monday afternoon. We feel very strongly that we don't want to put our businesses in Ontario at a disadvantage by seeing a short supply of allowances. Therefore, we feel very strongly that allowances should not be purchased by market participants. Again, to define market participants in the manner in which we received our ministry briefing, our understanding of "market participants" would include the likes of ENGOs, banks etc. We feel strongly that we have to do what we can to keep Ontario open for business.

That said, we understand the minister needs the ability to cancel and retire allowances; we get that part. We want to go further, though, and explain our position that the minister does not need the ability to cancel and retire allowances by participants who—currently, the way it's written, the minister does not have the ability to cancel and retire allowances purchased by participants who are attempting to retire an overall supply. Many companies are already having a tough time complying with the hard caps under the scheme, and we don't want to reduce the supply of the allowances.

We feel strongly that emission allowances purchased by market participants should not be allowed, and that's why we would like to add to the end of each subsection of the amendment the phrase "except emission allowances purchased by market participants."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm glad you explained it the way you did, because that's what I thought you were doing. What you're essentially doing is rendering the impact or the effect of this bill null and void, because almost all the allowances that are purchased will be by market participants. You're basically going to keep them out there forever. In order to have integrity in a scheme, you have to retire allowances in order to keep—or else you make it much cheaper and easier for people to pollute.

That's not our intention in this bill. I know it's the intention of your party because you have been reluctant supporters along this. Your leader has sort of surprised you all with his support for the thing, and you're looking for ways to neuter and water down this bill.

We'll have to, of course, vote against this amendment.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Actually, I just want to clarify something. It goes back as far as—oh, my goodness, Jim, it goes back to January. We had a fulsome discussion on the importance of addressing greenhouse gas emissions and we had reached a consensus, if you will. There was no surprising on the part of our leader when we were able to very confidently come forward with positioning in March at our convention. That's what the member opposite was alluding to.

But we need to be real. I think I would like, through the Chair, to go back and ask a question of the MPP from Scarborough—

Mr. Arthur Potts: Beaches—East York.

Ms. Lisa M. Thompson: Beaches, yes. Thank you.

With that, I just want to make sure I heard him properly. The bulk, the majority, of the allowances under this cap-and-trade mechanism that the Liberal government is going to be introducing will be purchased by market participants: Is that what I heard you say?

Mr. Arthur Potts: I said a significant amount of the allowances will be, and removing them from the ability to reduce them will undermine the integrity of the market system and not allow us to meet our target reductions. That's just not the intention.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I have a further question, then. That concerns me because it points to the fact that I think this government is really just using everyone's sincere concern about climate change and the need to reduce greenhouse gas emissions as a money grab for their slush fund. We should be enabling companies and businesses to reduce their emissions, as opposed to using their efforts to jump on their back and allow market participants—not voluntary participants, not non-voluntary participants, but this government sees the bulk of allowances purchased by market participants? Something doesn't jive here, and it makes me further concerned about the true intent of this Liberal cap-and-trade scheme. I think we need to be very careful here. The member opposite's explanation even further cements, in my mind, that we need to exempt market participants from purchasing emission allowances.

The Chair (Mr. Grant Crack): Okay, thank you. Further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I think that everybody has to admit that this is an artificial system that we're putting in place. If somebody is trying to use the system to their advantage and disadvantage another company in Ontario—it can be a company, of course, through the bill, that's through a different jurisdiction; it could be California—we don't think that's right. I think the government should be able to intervene if they see this happening. If credits are simply bought to take them off the table so that nobody else can use them, it's not considered what you'd want to see in an open carbon pricing system that, really, is looking for people to reduce their carbon. Sometimes you'd be penalizing companies because you've taken the credits that they could purchase off the table. I'm not sure why a company would want to do that other than to disadvantage a competitor.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on the subamendment.

Ms. Lisa M. Thompson: Recorded vote, please.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote on the subamendment to government motion 30.5.

Ayes

McDonell, Thompson.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare the subamendment defeated.

We shall now go back to the original—Ms. Thompson?

Ms. Lisa M. Thompson: Chair, I think I would like to make another subamendment. Based on the discussion we had—and I respect the dialogue that we had—you would think that the allowances should be for the

voluntary and non-voluntary participants, but if the government wants to include market participants, I would like to consider and ask the committee to respectfully consider a subamendment that would add to the end of each subsection of the amendment the phrase “except emission allowances purchased by market participants looking to reduce the overall supply.”

That might be something they'd be okay with.

The Chair (Mr. Grant Crack): Are you—

Mr. Mike Colle: Can we have copies of that?

The Chair (Mr. Grant Crack): Thank you, Mr. Colle. I respect the request. I haven't heard a motion moved at this particular point.

Ms. Lisa M. Thompson: I move that subsections 31.1(1) and (2) of the bill, as set out in motion 30.5, be amended by adding to the end of each subsection of the amendment the phrase “except emission allowances purchased by market participants looking to reduce the overall supply”.

The Chair (Mr. Grant Crack): Thank you. So there is a subamendment that has been proposed. I would ask, as per Mr. Colle's request, that the Clerk provide copies to members of the committee. We shall recess for five or so minutes until such time as the Clerk is able to provide them to the members of the committee.

The committee recessed from 1623 to 1632.

The Chair (Mr. Grant Crack): I'll call the meeting on general government back to order.

Prior to the recess, there was a motion read into the record and a request to have copies made. As such, those copies have been made, and I will ask Ms. Thompson, again, to please read, for clarification purposes, the amendment back into the record.

Ms. Lisa M. Thompson: Okay, thank you.

I move that subsections 31.1(1) and (2) of the bill, as set out in motion number 30.5, be amended by adding at the end of each subsection “except emission allowances purchased by market participants looking to reduce the overall supply.”

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I appreciated the dialogue that we had earlier. It's all good because it helps us understand, more and more, the mechanism being employed through cap-and-trade.

While I fully respect the fact that there could be market participants who are purchasing on behalf of someone, we want to make sure that the supply is not quickly diminished by market participants who have the sole intent of retiring them. That's why I've put forward this sub-amendment.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Thompson. Further discussion? Mr. Potts.

Mr. Arthur Potts: I appreciate the member is attempting once again to undermine the fundamental intent of why allowances are there—the free allowances, to start; the purchased allowances need to be reduced in order to limit the supply.

She knows that we're not going to support this. It just speaks to the fact that the members opposite are continuing their filibuster, as they did two days ago, when they took recess after recess, which is their right. But it's a designed attempt to drag out this process.

She knows we're not going to accept it. She can bring as many amendments like this as she wants. She knows we're not going to accept it. She knows we know that it's just a stalling tactic, so we will be voting against this amendment.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Mr. McDonell.

Mr. Jim McDonell: A couple of points: First of all, the whole committee amendment process is based on the fact that we're looking for improvements to the bill. That is the premise of the way this committee system works. If it didn't, then we wouldn't have it, I'm sure.

But in talking to this, the government is responsible for setting the limits here on the emission allowances. If a company is coming in with the deliberate point of reducing them, I would think the government of the day would have some concern with that. Otherwise, they would have reduced them themselves. So they're putting out what they think is a fair level.

I look at competitors in the field. If somebody has a temporary advantage, you could see somebody being put out of business or bankrupted by somebody trying to cook the system.

This would allow the government of the day to step in and make changes if they see it to be something that was dangerous to the economy of Ontario. I know we're trusting the government of the day, and maybe people are worried about today's government, but this does not in any way diminish the bill. It just allows the minister to make some choices that he can't make today.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on the second subamendment that has been proposed by the official opposition.

Mr. Jim McDonell: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

McDonell, Thompson.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): I declare the sub-amendment, as proposed, defeated.

We shall move back to the original amendment, which is government motion 30.5. Is there any further discussion on motion 30.5? There being none, I shall call for the vote.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Anderson, Colle, Hoggarth, McMahon, Potts, Tabuns.

The Chair (Mr. Grant Crack): Those opposed?

I declare government motion 30.5 carried.

We shall move to section 32. There are no amendments to section 32. Any discussion? Mr. Tabuns.

Mr. Peter Tabuns: Through you, Chair, I'd just ask if the government could outline, on the record, why they put forward this recommendation.

The Chair (Mr. Grant Crack): There has been a question asked by Mr. Tabuns. Is there any further discussion? Mr. Potts.

Mr. Arthur Potts: The government would be happy to outline our rationale. We listen to people. When an amendment comes forward or when an idea comes forward that we can accept, we act on it.

In this case, we're acting on the notion that we don't want, at this point in time, in the early stages of this legislation, to be authorizing outside registries. This is a signal that we're going to do our registry inside. I'm pretty confident that we'll have the support of the NDP on this.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: We actually find this to be a very peculiar motion, with all due respect, because it completely removes the minister's ability to designate the body responsible for running the registry, something that he would presumably like control of.

Actually, we have more specific questions. We're wondering if the government's counsel could please explain the following: What were the specific problems with the section? Why is it deficient? How did the government discover that it needed to be changed?

The Chair (Mr. Grant Crack): There has been a request by Ms. Thompson. Any further discussion? Mr. Potts.

Mr. Arthur Potts: Does the request from the member necessitate that we bring counsel to the table? Because I'm reluctant to do that. Had the member opposite taken the offer of our staff earlier on to have longer conversations about this and raise those concerns at a more appropriate time—happy to have had that discussion. But their reluctance to even bring their motions to us until the day of the first hearing suggests that they weren't ever really interested in the issue. They just want to drag this out. I would not be considering bringing in staff at this stage.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Chair, please, this is getting silly. We were working with our stakeholders right up to the eleventh hour, because we do want to listen to the concerns about this Liberal cap-and-trade scheme.

Mr. Jim McDonell: Shemozzle.

1640

Ms. Lisa M. Thompson: Shemozzle, yes.

I thought it was within our right, given that we were briefed on one piece of legislation. It's very apparent with the almost unprecedented number of amendments that the government is bringing to its own legislation that the intent of the legislation is shifting and that our briefing becomes somewhat moot. I thought that it was within my right to request government counsel to come forward to explain a couple of more things in detail.

The Chair (Mr. Grant Crack): It is within your right to request. So I would ask if there is any further discussion.

There has been a request, through Ms. Thompson, to have legal counsel, concerning this particular section, come forward before committee to explain. Do we have unanimous consent to have that happen?

Mr. Peter Tabuns: Yes.

The Chair (Mr. Grant Crack): We have one—so it's looking like we have unanimous consent. Okay.

Is there someone in this room who can come forward? Thank you very much. I appreciate it. For the record, we welcome you. If you could state your name and position, you can begin.

Ms. Myra Hewitt: Yes. I'm Myra Hewitt, lawyer with the Ministry of the Environment and Climate Change.

I can be brief because this wasn't an issue with any legal issue; this was a policy decision that the government made in respect of, as Mr. Potts has articulated, listening to people and responding to that input, as we understand it.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate you coming before committee this afternoon.

Any further discussion on section 32? Mr. McDonell.

Mr. Jim McDonell: Well, if there was not a legal issue, maybe they can describe the policy decision that changed since we've had a briefing. I mean, you're pulling out this whole section. Is there a reason for it?

The Chair (Mr. Grant Crack): Mr. McDonell has made a request.

Is there further discussion on section 32? Mr. Potts.

Mr. Arthur Potts: If Mr. McDonell wants to read the Hansard of the answer I gave the first time, then he'd be happy to get that explanation.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts.

Ms. Thompson.

Ms. Lisa M. Thompson: Thank you, Chair. The member opposite said that they listened to people. Well, I would like to hear, and have on record today, exactly what you heard from people that led you to removing one of your own sections. Again, it's a very peculiar movement. What did you hear from the people you spoke to that motivated you to completely eliminate section 32?

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Fair enough. The idea of keeping the registry inside and not delegating it to an outside

authority gives it considerably more oversight. That is what we heard: that people wanted the oversight.

Ms. Lisa M. Thompson: Thank you. Okay.

The Chair (Mr. Grant Crack): Thank you. Further discussion on section 32? There being none, I shall call for the vote. There are no amendments.

Shall section 32 carry? Those in favour? Those opposed? I didn't hear any in favour and I heard a number of noes, so section 32 is defeated.

We shall move to section 33. We have NDP motion number 31, which amends clause 33(3)(a): Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Mr. Chair. I move that clause 33(3)(a) of the bill be struck out and the following substituted:

“(a) is designed to reduce greenhouse gas emissions, to avoid the emission of greenhouse gases or to remove greenhouse gases from the atmosphere, and to achieve results that are real, verifiable, enforceable and permanent, and additional to results that would be obtained without the offset initiative; and”

Chair, I moved this amendment because I believe that it has to be very clear that, with these offsets, we want to put money into projects that are newly coming into existence. Those projects that are already in existence should already be funded.

The money that's available to actually take on climate change is limited, it's extraordinarily valuable and it should be spent only on those things that will add to current efforts, not to pay for things that are currently being done. Frankly, because greenhouse gases like carbon dioxide in the atmosphere last for centuries, an offset has to be permanent. If you offset something and the offset only survives for a month or a year or a decade, it does not truly offset material that will have impact for centuries. The additional wording is meant to ensure that the offsets are of consequence, are new and will do the job they need to have done.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We certainly agree in principle with what the member is bringing forward. However, it's our sense that the concept that we're getting at would be much better addressed in a regulation than in this section, providing more flexibility as things change, as time and the technology advance. It also allows us to link better with our existing relationships in California and Quebec. We think it would be better if we deal with this in regulation, and we'd be happy to work very closely with all members of the House to make sure we get the language right in the regulations.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Yes, I listened to the member. Technology will evolve over decades, but the principles that are set out in this amendment aren't affected by changes in technology. If something is permanent and additional, it is permanent and additional no matter what technology is utilized to realize its impact. One can say that it will be left to regulations, but the only control that

we have as legislators in the Legislature as a whole is through the bill itself, through the law itself. Without having it spelled out in law, there's no guarantee that it will in fact be addressed in the regulations. Because new governments can promulgate new regulations, it's to the government's advantage to make sure that this is in the text now—and not just the government's advantage; the advantage of this society as a whole.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: The member from Beaches—East York will be taken aback by this, but we actually agree with him in this regard. We agree that offsets need to produce real emission reductions, but verification standards should be set out in regulation and undergo regular and thorough analysis. So that's where we rest on this.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Yes. Just to note, from the member's comments, that when I, in this amendment, call for something to be verifiable, I don't set out a verification standard; I say that it should be verifiable.

A standard? I don't have a problem with that being in the regs. I'm sure that someone will come up with a sophisticated test to verify whether or not something is true or false. Should it be verifiable? Yes. Should that principle be encapsulated in this bill? Yes.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Mr. Peter Tabuns: Recorded vote.

Ayes

Tabuns.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 31 defeated.

We shall move to NDP motion number 32, which is an amendment proposing new subsection 33(3.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 33 of the bill be amended by adding the following subsection:

“Offset initiatives must be long-lasting

“(3.1) It is a further requirement for the registration of an offset initiative under subsection 33 that the reduction effected by the initiative either match the longevity of the greenhouse gas emission that it is offsetting, or be proportionately discounted.”

Again, Chair, if we are going to allow offsets, and it appears we are, then the offset time scale should be matched with the time scale of the greenhouse gas that it is supposed to be offsetting.

Methane in the atmosphere degrades over a number of decades. If you have a measure that in turn degrades over a number of decades, there's a symmetry. If you have an

offset that is only good for 20 years, and the greenhouse gas you put into the atmosphere lasts for centuries, then in fact you don't have an offset; you have a sham, a fraud.

If you don't want the time scales to match, then talk about proportionality. If something is only going to be good for 10% of the lifetime of a greenhouse gas, then assign it 10% of the value of that greenhouse gas.

1650

Again, without very strong rules on offsets—and this is something that was a theme throughout the debates on the Kyoto Protocol and through the debates that followed in subsequent international conferences—you don't have real checks on the quality of the offsets. You set society up for a situation in which people will be paid for offsets that don't actually do the job that's needed.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: We're sort of back to the same notion that in order for us to continue to link with the WCI initiatives—this is an agreement-in-principle situation, but it is more detailed so that it would stay consistent with our trading partners.

We'll vote against this and address these kinds of issues in regs, as they evolve within the whole market participants.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion? Mr. Tabuns, and then Mr. McDonell.

Mr. Peter Tabuns: If the WCI does not have very strict quality control on the offsets, then the validity of this program will be profoundly undermined. Saying that it is consistent with WCI doesn't give me comfort. Ontario can set its own standards, and its standards need to be of the highest order. That is why this amendment is necessary.

The Chair (Mr. Grant Crack): Thank you. Mr. McDonell.

Mr. Jim McDonell: Mr. Tabuns, can you explain how this would work or what the deal is?

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: I'd be happy to. If you came forward with an offset—let's say you were saying that allowing a tree to grow would offset a set amount of carbon dioxide put into the atmosphere by a car. If that tree's lifespan was 10 years or 20 years or 40 years, but the carbon dioxide that was released by the car lasted for centuries, then that tree growing does not actually give you a comparable reduction in greenhouse gas impact. There has to be a consistency between the one and the other.

If, in fact, you are saying that something that will only sequester carbon for 40 years is as good as carbon in the atmosphere for centuries, you are misstating the reality. You might say that growing that tree is worth one tenth of a carbon value put into the atmosphere by some other means.

The Chair (Mr. Grant Crack): Thank you. Any further discussion? There being none, I shall call for the vote on NDP motion number 32.

Mr. Peter Tabuns: And a recorded vote, if you wouldn't mind, Chair.

The Chair (Mr. Grant Crack): I'm surprised, but yes, we will have a recorded vote. I shall defer to the Clerk.

Ayes

Tabuns.

Nays

Anderson, Colle, Hoggarth, McMahon, Potts.

The Chair (Mr. Grant Crack): I declare NDP motion number 32 defeated.

We shall move to government motion number 32.1, which is an amendment to section 33. Mr. Potts.

Mr. Arthur Potts: I move that section 33 of the bill be struck out and the following substituted:

"Offset initiatives: registration

"33(1) In this section,

"sponsor" means, with respect to an offset initiative, the person who applies for registration of the initiative.

"Application for registration

"(2) A person may apply to the director in accordance with the regulations for registration of an offset initiative.

"Same

"(3) The sponsor shall give the director such information as the director may require for the purposes of the application and such other information as may be required by the regulations.

"Registration

"(4) Upon receiving the application, information and any applicable fee, the director shall register the offset initiative if the director determines that,

"(a) the sponsor satisfies such eligibility criteria as may be prescribed;

"(b) the offset initiative is designed to reduce greenhouse gas emissions, to avoid the emission of greenhouse gases or to remove greenhouse gases from the atmosphere; and

"(c) the offset initiative satisfies such other eligibility criteria or requirements as may be prescribed.

"Refusal of registration

"(5) Despite subsection (4), the director may refuse to register the offset initiative if the director is of the opinion that it should not be registered, having regard to such circumstances as may be prescribed and such other matters as the director considers appropriate.

"Conditions of registration

"(6) The registration of an offset initiative is subject to such conditions as may be established by regulation—including conditions that are imposed on the sponsor—and such conditions as may be imposed by the director.

"Same, reports and verification

"(7) Without limiting the generality of subsection (6), the conditions established by regulation may include requirements relating to reporting and verification.

“Duty to comply

“(8) The sponsor shall comply with the conditions established by regulation and the conditions imposed by the director with respect to the offset initiative.

“Cancellation of registration

“(9) The director may cancel the registration of an offset initiative in accordance with the regulations in such circumstances as may be prescribed.

“Opportunity to be heard

“(10) If the director proposes to refuse to register an offset initiative or to cancel the registration of an offset initiative, the director shall give the sponsor notice of the proposal in accordance with the regulations and shall, in accordance with the regulations, give the sponsor an opportunity to be heard.”

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Further discussion?

Mr. Arthur Potts: Yes, this motion is replacing provisions in the current bill with new provisions that clarify the regulation-making authority and the authority of the director with respect to applications for registration. The provision also includes an opportunity to be heard in the event a registration is refused or cancelled by the director.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: This is a rather lengthy amendment that includes several details that one would have thought would have been included in the original legislation. I’m wondering if we could call upon the government counsel to come forward again and answer some more questions.

The Chair (Mr. Grant Crack): Further discussion? There has been a request by the official opposition to have legal counsel come before committee once again. Do we have unanimous consent? Yes, we have.

I would ask legal counsel to come forward one more time. Welcome again, Ms. Hewitt. If you would state your name for the record one more time.

Ms. Myra Hewitt: It’s Myra Hewitt. I’m the lawyer with the Ministry of the Environment and Climate Change.

I’m wondering if the committee would allow a moment for me to confer with the ministry on this, because I think this is a combination of legal and policy. It would be helpful if we could do that—helpful to the committee, helpful to me—if that’s okay.

The Chair (Mr. Grant Crack): So what exactly is the request?

Ms. Myra Hewitt: I request to take a brief recess so that I can confer.

Mr. Arthur Potts: I would move that we have a five-minute recess.

The Chair (Mr. Grant Crack): Thank you. Is five minutes going to be adequate?

Ms. Myra Hewitt: I think so, yes, for us.

The Chair (Mr. Grant Crack): Okay, we will take an approximately five-minute recess—but not much longer, if necessary.

The committee recessed from 1658 to 1703.

The Chair (Mr. Grant Crack): I’d like to call the meeting back to order, after a brief recess.

Ms. Hewitt, if you could continue, we’d appreciate it.

Ms. Myra Hewitt: Thank you to the committee for giving me a moment.

I think, if you look at the existing provisions, there really isn’t a lot of change between the two provisions. The first change that was made was a technical amendment to introduce the concept of sponsors so that the articulation in the sections would make sense when you were talking about who’s obligated under these provisions. The application for registration was already there.

There were changes made around the information in these next two sections, sub (3) and sub (4), in the motion because of the references back to the recognized registry. As you heard in the motion before, those provisions have been removed from the bill because there will only be an internal registry now, and it will then be the director administering this program.

There was the refusal of registration already in the bill, in sub (5) in the motion. Conditions of registration were already provided for in the existing provision, as were reports and verification, the duty to comply and the cancellation of registration.

Again, the opportunity to be heard would have been something that could have been provided for in regulation, but, in order to strengthen the foundation here, we were given instructions to move that opportunity to be heard right into the bill. So that’s the final section of the bill.

Really, although it looks like a large motion in terms of the number of sections, if you look and compare it to what is actually in the existing bill, there’s not a substantial number of changes.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: Why the change in “sponsor” and inserting that in the terms? Previously, the amendment—you used another term, but now you’re using “sponsors.” Is there a significance to that?

Ms. Myra Hewitt: I don’t think there is. The reference to “sponsor” here is to distinguish it from other parts of the bill where we talk about applicants for registration in the context of the cap-and-trade program. It’s really just to give some clarity in the bill around how these are different kinds of applicants, a sponsor for a project.

Mr. Jim McDonell: So when you’re looking at an offset, in this case, the word “sponsors” is used so that it doesn’t confuse you with another part of the bill where we use—

Ms. Myra Hewitt: Exactly.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Another thing that we were wondering about was why the term “applicant” wasn’t sufficient, which is the way the bill is currently worded. Why did you have to move away from the term “applicant”?

Ms. Myra Hewitt: I was just trying to explain that “applicant” is used in other parts of the bill in the context of applying to register for the cap-and-trade program, so this was a term that was used to kind of distinguish these kinds of applicants so that the public would know that when you’re talking about a sponsor, it’s not somebody who’s applying under the cap-and-trade program for registration.

Ms. Lisa M. Thompson: Okay. All right.

Virtually everything under this bill is going to be done by way of regulation. Couldn’t this amendment have been dealt with in regulation, under subsection 33(1)?

Ms. Myra Hewitt: Sorry, could you repeat the question?

Ms. Lisa M. Thompson: Sure. Couldn’t this amendment that has just been put forward have been dealt with in regulation under subsection 33(1)?

Ms. Myra Hewitt: Are you asking about the existing subsection 33(1)? Couldn’t all of what else is there be dealt with—

Ms. Lisa M. Thompson: Yes.

Ms. Myra Hewitt: I think it’s important to the notion of putting in the bill, essentially, the stories so that a member of the public can look and know what are the essential components of this part of the program, I think, was the policy reason behind structuring it this way in the bill.

Mr. Jim McDonell: So it would be harder to change. Basically, it would have to be a more public process to change it; it would have to be changed through legislation is what you’re saying.

Ms. Myra Hewitt: Yes. Regulations can be changed by cabinet. Obviously, changes to a bill have to go through the Legislature. I’m not suggesting that was the policy reason behind this—I’m not speaking to the policy reason—but that, in fact, is the case.

Ms. Lisa M. Thompson: It would give one a thought to ponder, absolutely.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. I just want to note for the record that this has been a colossal waste of this committee’s time—almost 20 minutes on what is really a very technical clarification amendment which the members opposite could easily have gotten had they accepted the opportunity to be briefed on this when it was offered over three times. I really hope—because we’re not going to get through this bill today. There will be opportunities back here again on Monday. I sincerely hope they’ll put their questions in writing and have a chance to be briefed by staff before committee next time so that we can dispense with these obvious delay tactics.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. McDonell, but prior to Mr. McDonell, I’d like to thank Ms. Hewitt for coming before committee one more time. So thank you.

Mr. McDonell.

Mr. Jim McDonell: Well, I guess I’m somewhat shocked. I’ve never seen over 100—I’ve never seen any-

thing more than 10 amendments by the government before. We’re talking around something over 120 amendments. There’s lots of change since the briefing has come about.

This is a fairly significant section, and I guess we’d like to see—if the discussion is done—a chance to recess for 20 minutes so that we can actually sit down and talk to our assistants—

Ms. Lisa M. Thompson: Policy adviser.

Mr. Jim McDonell: —on this thing.

The Chair (Mr. Grant Crack): Okay. Is there any further discussion on government motion 32.1? There being none, I would call for the vote shortly. However, there has been a request prior to the vote, so there will be—you’re requesting 20 minutes?

Mr. Jim McDonell: Yes.

Ms. Lisa M. Thompson: Yes, please.

The Chair (Mr. Grant Crack): There will be a 20-minute recess, and as a result of the request to recess, when we return there will be an immediate vote. Do we have unanimous consent?

Interjections: No.

The Chair (Mr. Grant Crack): Okay, any further discussion? I shall call for the vote.

Mr. Jim McDonell: Chair, can we have a 20-minute recess?

The Chair (Mr. Grant Crack): There has been a request, prior to the vote, for a recess. That is in order, so we will take a 20-minute recess and when we return I shall call for the vote immediately. So 5:30 on the dot, be here.

The committee recessed from 1710 to 1730.

The Chair (Mr. Grant Crack): Thank you very much. We are back to order.

Prior to the 20-minute recess, we were discussing government motion 32.1. There will be no further discussion. I shall call for the vote. Those in favour of government motion 32.1? Those opposed? I declare government motion 32.1 carried.

There is one amendment to section 33. Is there any further discussion on section 33? Mr. Potts.

Mr. Arthur Potts: Well, again, just for the record, I am absolutely flabbergasted that after we spent 20 minutes on a technical amendment, the members of the opposition—and then bringing in the lawyer from the government in order to give them an explanation of why it was just simply a small technical amendment—they then ask for a 20-minute break. That’s the fifth 20-minute break we have had in these hearings so far.

This is a clear indication of the filibustering that’s going on here. It’s extraordinarily frustrating that we have now only done three sections. The only amendments that they have been able to bring forward are things that will water down the intent of this bill, signalling their clear disapproval of moving on a cap-and-trade program.

I just want that on the record right now so we can move forward. I hope they stop it.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: I've been here for a few years and there's no question that the people of Ontario have a huge concern with the way this bill is being put. We see now a government bill that was debated at second reading with over 100 amendments, which is unprecedented. I sat here during the gas plants scandal and I saw a party that was very, very good at delaying things. When it came to receiving minutes, it took four meetings just to get us to a motion. I don't think we need to get lectured on the fact that we need some clarification.

These are major changes. The last one is fairly significant, two pages. We need a chance, sometimes, to check back with our advisers and the critic needs a chance to clarify some issues.

I'm somewhat shocked. I've seen a couple of government motions before, but to have over 100 amendments and expect us, then, not to have any questions is kind of irresponsible.

The Chair (Mr. Grant Crack): Thank you, Mr. McDonell. Ms. Thompson.

Ms. Lisa M. Thompson: I just want to say, when we're referencing over 100 amendments—that's all three parties together—it's unprecedented, the manner in which the government is trying to rewrite this legislation in committee. It just goes to show how rushed they went at this, and they have had to have a second, sober thought.

Again, we feel very strongly, based on all the amendments that the government is putting forward for their own legislation, that it was a botched piece of work that was rushed just so the Minister of the Environment could have his photo op in British Columbia earlier this year.

We deserve an opportunity to give due diligence. Ontarians would not expect anything less. Again, we are just operating within the realm that is allowed to us.

The Chair (Mr. Grant Crack): Thank you. Mr. Potts.

Mr. Arthur Potts: The notion of due diligence is astounding to me. We went through committee hearings where we heard from numerous stakeholders and not a single one, to my knowledge, was against this bill and wanting to move it completely off in a direction that they want to take it. They are making stuff up that they didn't hear in committee while, conversely, we are taking some of the recommendations we heard at committee and we are putting them into effect in this bill.

As I said before, this party has had a conversion on the road to Damascus on climate change. The leader came into the House and surprised them all. They had better check in with their leader to see if he approves of this constant filibustering, this delay of moving this thing forward. It's unbecoming. They need to check in with their leader.

Mr. Mike Colle: Okay, let's get going. Enough, enough.

The Chair (Mr. Grant Crack): Order, please. Mr. Potts had the floor.

Ms. Thompson.

Ms. Lisa M. Thompson: I actually have to ask for a withdrawal. We have not made anything up. I think that the businesses, the organizations and the stakeholders we have met with, which have expressed so many concerns that have formed the basis of our thoughtful amendments, would be totally taken aback by the arrogance of that statement. All I can say is shame on you.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell and then Ms. McMahon.

Mr. Jim McDonell: I look at what we have seen over the last two weeks here, obviously, with companies making donations, getting favours. No wonder there's a lot of concern here from the stakeholders on just making a system that works. Now, we were very clear; our leader is very clear. We believe in putting a price on carbon, but we believe in making it revenue-neutral. This is not a chance to jump in and collect a whole pile of revenue so the books balance.

The revenue this government is seeing is up by more than 100% and they can't balance the books. We're up to over 100% and this is another revenue—it's not the candy store. You just can't go to the people of Ontario every time you need more money and get more money, and that's where we're really concerned and that's what the stakeholders were clearly telling you.

I think, as my peer said here, you say you went through extensive consultation, so why all of a sudden you're surprised at committee, I'm not sure, but that's what we saw. People came to this committee and a lot of people who wanted to come couldn't come. It would have been more, but it was time-allocated in how many could come. Now we're seeing some of these changes, and we think there need to be changes, but maybe different ones than we're seeing here.

The Chair (Mr. Grant Crack): Thank you very much. We'll go to Ms. McMahon.

Ms. Eleanor McMahon: Mr. Chair, here's what I find interesting about this conversation. We have the party opposite that has had trouble taking a coherent position on climate change. I have companies in my riding—they want to talk about stakeholders—that actually support this legislation. Why? Because they are significant businesses that operate internationally, that are national in scope, and they are benefitting from a cap-and-trade system. Why would we waste one more minute to help companies like that take advantage of a system that the whole world is embracing?

On this side of the House and on this side of the room, we are interested in passing legislation that is going to improve the health of Ontarians, our economy and our environment, while at the same time creating tremendous economic opportunity. Unless the folks sitting opposite have missed it, the rest of the world is putting a price on carbon. Even though they don't want to do that or have struggled with it, on this side of the House, we're doing exactly that, and that's what we're hoping to do today.

So I hope they'll focus in their comments next on the substance of the legislation, because we haven't heard much of that, frankly.

The Chair (Mr. Grant Crack): Thank you very much. I would just like to remind members of the committee that we're dealing with a piece of legislation and the mechanism and the means to deal with that are what's being discussed. Maybe we could just stay focused on the work at hand. It's my job, as Chair, to move the business forward.

Is there any further discussion on section 33, as amended?

Ms. Lisa M. Thompson: I just want to echo the fact from my colleague and say not one party that is represented here in this House has dibs on thoughtful ways of moving forward to protect our environment. Just because we don't agree with their cap-and-trade scheme—and we feel strongly that in listening to the people we spoke to, a revenue-neutral option is more desirable and more equitable. We need to be careful in how they're trying to be so dismissive in their arrogant ways.

The Chair (Mr. Grant Crack): Is there any further discussion on section 33, as amended? Let's perhaps return to discussions on the actual substance of the amendment. Mr. McDonell.

Mr. Jim McDonell: I do have a concern with the comments. I've talked to many residents in my riding, some of them who actually deal under the current plan in Quebec. They were very clear that they did not want to see a cap-and-trade system. This one company said they wrote cheques for hundreds of thousands of dollars to California. This is money that's leaving.

Most of the companies that are competing with the States, they're not competing with the one state; they're competing with the other states that are not moving ahead. This is an uncompetitive plan until they move. I'm not saying they'll never move, but we're jumping ahead. We're putting a tax on our companies that is not going to be seen by 49 states south of the border. That's our concern.

It should be revenue-neutral. Money should go back and offset current taxes. We've been very clear on that.

The Chair (Mr. Grant Crack): Thank you very much. I believe we've had enough discussion on the section, as amended, which was minimal.

I shall call for the vote on section 33, as amended. Those in favour of section 33, as amended? Those opposed? I declare section 33, as amended, carried.

We shall move to section 34, which is PC motion 32.1.1, which is proposing a new subsection 34(2.1). Ms. Thompson.

Ms. Lisa M. Thompson: We withdraw.

The Chair (Mr. Grant Crack): PC motion number 32.1.1 is withdrawn.

We shall move to PC motion number 32.1.2, which is a proposed new subsection 34(2.1). Ms. Thompson?

1740

Ms. Lisa M. Thompson: I just need to find it. I move that section 34 of the bill be amended by adding the following subsection:

"Standards

"(2.1) Ontario offset credits are subject to such standards as may be prescribed by regulation."

The Chair (Mr. Grant Crack): Any further discussion on the motion? Mr. McDonell.

Mr. Jim McDonell: Just that we're looking at this amendment and it adds rigorous standards to the offsets in Ontario. We simply can't rely on others to do the work for us. The protection of the environment is too important.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: We've heard earlier today as well that we just can't rely on the WCI standards. We need made-in-Ontario standards.

Just a couple of Fridays ago, OFA held a very great workshop—I will say "great" purposefully—whereby they put forward some thoughtful ideas with regard to offsets and standards. Again, we need to be cognizant of made-in-Ontario standards.

I'd be remiss if I didn't point out as well that there is some disappointment throughout the agri-food sector and rural communities that Ontario's agri-food industry has been left out of the first round of compliance. They have to sit on the sidelines for three years before they're welcome to participate.

Over and above that, efforts that they have done and embarked upon for decades now won't be grandfathered in. We have done an amazing job, collectively, in Ontario for decades.

I used to work for OMAFRA. I started working for them many moons ago, but at that time, through the winter in particular, there was workshop after workshop with regard to environmental farm plans and nutrient management plans. We all can claim some success in that regard.

When you talk to a fellow colleague of mine, the mayor of Huron-Kinloss—located in Bruce county; part of his municipality runs along the lakeshore of Lake Huron—he is currently chair of the Great Lakes and cities initiative. He will say that, without question, we are the envy of North American lakeshore jurisdictions because of the standards, because of the policies, because of the common vision that we have, to be good stewards of our land.

Therefore, we should be listening to the people who have led by example already.

I think it's a shame at this time that initiatives that have been embarked upon in the spirit of protecting our environment are not even going to be considered by this government in their cap-and-trade scheme: existing grasslands, crop rotations and cover crops.

I could go into depth, describing what all of those are. Grasslands are where you would pasture cattle. Cover crops would be legumes and good rotational crops. You rotate your crops—wheat, corn and soybeans—because every crop takes certain nutrients out of the soil, and you need to rotate your crops in order to put the natural nutrients back into the soil, to generate great yields.

With that said, people are embarking on so many things. Two Fridays ago, OFA, the Ontario Federation of

Agriculture, invited us—and the Minister of the Environment arrived as well—and they shared examples of what's working in other jurisdictions. They had an environment specialist come up from the States. They talked about rotational crops and rotational grazing, grassland conversions and small forests.

Just earlier today, we met with a stakeholder who talked about balancing, and the aspects that forestry brings to sequestering carbon. Again, they've had to fight to stay at the table.

Another thing is wetland restoration and preservation. I know there's a member opposite who loves fishing along the mighty Maitland. We have farmers in the county of Huron who have invested great time and effort to restore wetlands.

These are all things that go toward capturing carbon. I just think it's a travesty that, at this time, the manner in which Bill 172 is written totally ignores what's going on.

Farmers can also be involved in a variety of activities. Actually, I'm trying to think of your areas. Just north of Milton—again, great examples of conservation tillage are happening. The list could go on and on—

Mr. Arthur Potts: Point of order, Chair.

The Chair (Mr. Grant Crack): Point of order. Excuse me, Ms. Thompson. Point of order: Mr. Potts.

Mr. Arthur Potts: I'd be really interested to know how this dissertation on farming practices and fishing on the Maitland has anything to do with the amendment that she's put forward.

The Chair (Mr. Grant Crack): Thank you very much for the point of order.

I would just ask Ms. Thompson to perhaps discuss the relevance of the amendment that you had put forward. I would appreciate that.

Ms. Lisa M. Thompson: Okay. The relevance is the fact that we have made-in-Ontario solutions to sequestering carbon, and I was just outlining a number of them, Chair.

I think, again, we need to see a government that has authority to set rigorous standards for offsets in Ontario. We just can't simply rely on others to do the work for us. The protection of our environment is too important. There's too much at stake, and we feel that this amendment is very relevant.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I would just like to get on the record our discussions with OFA. I had attended a Christian Farmers meeting a couple of weeks ago. It's interesting to note that they actually said a prayer for this government, wanting to see it change direction. I know the prayers are well worth it. But they're concerned about how they had been left out.

The offsets are important. It encourages the farmers. There is no question that some of these, while they're important for the nutrients in the soil, are also very important for the carbon sequestering. There's definitely a cost to that.

It's like any other business; farming is a business. If we want to encourage this type of practice, then we're

going to have to go back and give farmers credits for actually helping the overall system in Ontario, which would allow them to pull this carbon back through the planting of legumes and corn in the middle of August, which is a practice they're looking at. It holds the soil, but it also attracts a large amount of carbon. The next year, the next spring, it comes up before the fields can be gotten into, so we're talking about benefits.

Of course, these are acknowledged benefits under standard farming practices that benefit the system but we have seen them excluded from this bill. We think that if the government really wants to look at all the benefits possible, some offsets should have been allowed for that.

By doing that, there's no question that it has upset the OFA, Christian Farmers and various farm groups, because that was something that was certainly discussed during the consultation. On the day of the budget, the OFA chair was quite upset by the fact that they had been excluded. They can be a big partner. Arguably, they're the biggest industry in Ontario. Why they're not at the table for this legislation, as important as it is, I'm not sure, but we think they should have been. I think that's a problem, and there's still time to bring them in.

The Chair (Mr. Grant Crack): Thank you very much. I would just ask the members on my right—I'm having difficulty hearing the speaker, and they can't even hear me. Gentlemen, if we could tone it down a bit, I'm having difficulty hearing the conversations and the comments that are being made. I appreciate it.

Ms. Thompson?

Ms. Lisa M. Thompson: Another thing that I want to add is that it was suggested earlier that we haven't had thoughtful amendments. I take objection to that because, just this morning, I was a guest at a breakfast hosted by ONEIA. We had a really fulsome discussion. It was noted that both the third party and ourselves brought forward amendments on Monday with regard to adaptation. Unfortunately, we were shot down in typical majority Liberal style.

1750

When we talk about made-in-Ontario standards, it doesn't just have to be for the agri-food industry. We need to talk about adaptation; we need to talk about urban planning; we need to talk about how we all collectively can be doing better. It made me think of our time spent at the COP in Paris, and there are a number of jurisdictions that are excelling in the manner in which they're addressing urban planning. It's certainly something that Ontario should be taking note of and should be listening to our stakeholders on. Again, apply made-for-Ontario solutions to made-for-Ontario standards.

Again, we can't stress enough, here with the loyal opposition, being represented by the great member from Stormont-Dundas-South Glengarry and myself, that we want thoughtfulness; we just don't want to rely on WCI standards. We're very proud to be Ontarians; we're proud to represent the stakeholders we do. Therefore, we feel strongly that this amendment makes sense.

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: I'm, again, somewhat flabbergasted. They actually chewed up almost 20 minutes on a very technical amendment that we actually support in principle but that is probably better managed through regulations.

I'm particularly interested in the comments from Mr. McDonnell—his interest in rural Ontario and particularly, probably, eastern Ontario, as his caucus has just recently named him as the eastern Ontario representative. I want to congratulate him on that new role within caucus. In my role in rural affairs, I look forward to working with you on ways we can help rural Ontario.

In the meantime, Chair, I'd really like us to be able to vote on this amendment.

The Chair (Mr. Grant Crack): Ms. Thompson, further discussion?

Ms. Lisa M. Thompson: Just to round off the discussion on my part today, I just can't emphasize enough that we have taken a lot of time to put forward amendments that we think are appropriate. I appreciate very much the fact that the member has shared with us that they agree and that they support this particular amendment in principle. That's good to hear; I really appreciate that.

But what scares me about the second part of his comment is that they prefer to deal with it in regulation. Well, Chair, we all know what happens behind closed doors when regulations get thrown together. I just don't trust this government to get it right.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion number 32.1.2. Those in favour of PC motion 32.1.2? Those opposed? I declare PC motion 32.1.2 defeated.

We shall move to government motion 32.2, which is an amendment to subsection 34(4). Mr. Potts?

Mr. Arthur Potts: I move that subsection 34(4) of the bill be amended by striking out "described in subsection (2) or (3)".

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, a very technical amendment not worthy of a half-hour dissertation. This motion clarifies that regulations made under the act may establish an application process, and the regulation-making authority applies to any future class of types of credits.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote on government motion number 32.2. Those in favour? Those opposed? I declare government motion 32.2 carried.

We shall move to government motion 32.3, which is an amendment creating a new subsection 34(4.1). Mr. Potts?

Mr. Arthur Potts: I move that section 34 of the bill be amended by adding the following subsection:

"Reporting and verification, Ontario offset credits

"(4.1) If the minister creates Ontario offset credits in respect of a registered offset initiative, the regulations may impose ongoing monitoring, reporting and verifica-

tion requirements on the person who applied for the creation of the credits."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Yes. This motion is being introduced to authorize regulations to require ongoing monitoring of offset initiatives, a very important initiative.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonnell.

Mr. Jim McDonnell: We're somewhat concerned here. I know, obviously, from all these amendments, we've rushed this bill through. The offsets are very important; we're just concerned that this would be done through regulation. The ministry receiving bills—whether it has been the ability for the government to make decisions on regulations that maybe they haven't used scientific or economic data. They've somewhat seemed to tally them more to what people donated. We're just a little concerned, and maybe an explanation on this would make us feel at ease with this change.

The Chair (Mr. Grant Crack): Any further discussion? There being none, I shall call for the vote on government motion 32.3. Those in favour of government motion 32.3? Those opposed? I declare government motion 32.3 carried.

We shall move to government motion 32.4, which is an amendment to subsection 34(5).

Mr. Arthur Potts: I move that subsection 34(5) of the bill be struck out.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We're moving this provision to align our sections of the bill. You'll be seeing it in another amendment, where it's more appropriately placed.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Could you tell us which amendment it will be placed into?

Mr. Arthur Potts: Not off the top of my head, but I'd be happy to get that information if you like.

The Chair (Mr. Grant Crack): So legislative counsel will be able to help if the committee—

Ms. Lisa M. Thompson: I move a five-minute recess.

Mr. Arthur Potts: We want to know where this section—

The Chair (Mr. Grant Crack): Mr. Potts, there has been a request for a five-minute recess. Do we have unanimous consent?

Ms. Lisa M. Thompson: That will give you some time to find it.

Mr. Arthur Potts: It's five minutes, but we only have four minutes left in the day.

Ms. Lisa M. Thompson: It'll let you get time to find it.

The Chair (Mr. Grant Crack): There has been a request for a recess, but there's also been a request for legislative counsel to answer.

Mr. Arthur Potts: We have it. I just had to confirm. So I'd be happy to bring it forward. What section is it going to?

The Chair (Mr. Grant Crack): So I believe, Mr. Potts—

Mr. Arthur Potts: Unanimous consent to have counsel come forward?

Ms. Myra Hewitt: I'm Myra Hewitt, counsel with the Ministry of the Environment. It's been moved into section 75 at the back of the bill.

Mr. Peter Tabuns: So which amendment would that be?

Ms. Myra Hewitt: Good question. Okay. So you'd like to know the amendment number, Mr. Tabuns?

Mr. Peter Tabuns: Chair, if it's being moved, could we know where it's being moved?

Mr. Arthur Potts: In 70.2.

Mr. Peter Tabuns: In 70.2.

The Chair (Mr. Grant Crack): The legislative counsel can actually answer that particular question at this particular point. I'm going to ask Ms. Hopkins from legislative counsel to respond. Ms. Hopkins?

Ms. Laura Hopkins: Thank you, Chair. The committee should look at motion number 32.6. Motion 32.6 creates a new section of the act, section 35.1, and that section of the act deals with retiring and cancelling credits. There is a second motion that deals with the same topic, and it's the motion identified by Ms. Hewitt in the regulation-making section at the end of the bill.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: What were those numbers again? You said 32.6, a new section?

Ms. Laura Hopkins: It's motion number 32.6. Motion number 32.6 creates a new section in the act. The new section in the act is numbered 35.1.

Mr. Peter Tabuns: 35.1.1?

Ms. Laura Hopkins: The subsection in particular—I didn't look down that far, sir.

Mr. Peter Tabuns: Yes, okay. Then I'm fine. I see where it is.

The Chair (Mr. Grant Crack): Further discussion on government motion 32.4? Ms. Thompson.

Ms. Lisa M. Thompson: I'm just wondering if the member opposite could share with us how the government came to the decision that this particular section had to be removed? Then I have a supplemental after that.

The Chair (Mr. Grant Crack): Any further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Oh. Okay. So apparently they're not going to share with us how the government came to make the decision that this particular subsection needed to be removed. Maybe we can look into that ourselves a little bit more, but I just want to make sure that this government knows that it's important that we don't cancel credits created in Ontario. Already we're hearing from businesses and organizations—stakeholders, if you will—who are concerned that in the initial round there are not going to be enough credits, and they're going to have to buy from California at a US dollar rate. It's going to amount to a significant amount. Some business analysts have suggested—

The Chair (Mr. Grant Crack): I thank you and I'm sorry to interrupt you, Ms. Thompson. It is 6 o'clock. Therefore, this meeting is adjourned.

I'd like to thank all members for their input this afternoon. We shall be meeting at 2 p.m. on Monday of next week. Have a great balance of the week. This meeting is adjourned.

The committee adjourned at 1800.

CONTENTS

Wednesday 13 April 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-973
--	-------

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonnell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Granville Anderson (Durham L)

Mr. Arthur Potts (Beaches–East York L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Also taking part / Autres participants et participantes

Ms. Myra Hewitt, legal counsel, Ministry of the Environment
and Climate Change

Clerk / Greffière

Ms. Sylwia Przewdziecki

Staff / Personnel

Ms. Laura Hopkins, legislative counsel

G-47



G-47

ISSN 1180-5218



**Legislative Assembly
of Ontario**

First Session, 41st Parliament

**Assemblée législative
de l'Ontario**

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 18 April 2016

Journal des débats (Hansard)

Lundi 18 avril 2016

**Standing Committee on
General Government**

**Climate Change Mitigation
and Low-carbon Economy
Act, 2016**

**Comité permanent des
affaires gouvernementales**

**Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone**

Chair: Grant Crack
Clerk: Sylwia Przewdziecki

Président : Grant Crack
Greffière : Sylwia Przewdziecki

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 18 April 2016

Lundi 18 avril 2016

*The committee met at 1402 in committee room 2.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good afternoon, everyone: members of committee, support staff, members of the public. I call this meeting to order. This is the Standing Committee on General Government. We are here this afternoon to continue our clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas.

I'd like to thank all the members for all the work that has been done to date. We've still got considerable work to do on this clause-by-clause consideration.

When we ended last week's Wednesday meeting, we were on section 34. I'm just reminding everyone that government motion 32.4 was read into the record, but I would ask Mr. Potts to read it back into the record so that we can continue where we left off, sir.

Mr. Potts.

Mr. Arthur Potts: Thank you, Chair; I'm delighted to.

I move that subsection 34(5) of the bill be struck out.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion?

Ms. Lisa M. Thompson: Thanks very much, Chair. First of all, I'd be remiss if I didn't reflect on the comments shared in the House earlier today, and I appreciate a particular comment that Minister Murray made during question period. Because it's a very valid point, Chair, I'd like to revisit it.

Specifically, he said that Bill 172 is "one of the most complex pieces of legislation ever introduced into the Legislature." Quite frankly, Chair, I couldn't agree more. This is a very complex piece. That is why we need to facilitate proper study and due diligence, and that's what we're embarking upon from the loyal opposition perspective. I just find it surprising to hear government members are continuing to call for the bill to be rushed

through committee and third reading debate. We have a duty to review. That's the big message here.

I think I've mentioned it before in debate as well that past behaviour is indicative of future behaviour. All I can say in that spirit is that we cannot have a repeat of the Green Energy Act. That's a piece of legislation that was rushed through the House without proper analysis, and just look at what's happened. Ontario has the highest electricity rates in North America and they're going up again May 1. Lower-income Ontarians are forced to choose between heating and eating.

Just this past weekend, I was speaking to a lovely couple. They are in their senior years. They have saved for a retirement they always dreamed of and they thought they were positioned to have, but now electricity rates for them are almost like a mortgage payment again. They're having to take a look at how to cut back.

The quality of life certainly has been impacted because of rushed legislation. We take our duty very seriously on this side. It's not just about the couple I referenced just moments ago, but I would say there were at least 10 couples that implored me on Saturday night to hold this government to account and try and help them because, again, their bills are going through the roof.

Whenever I see a bill that imposes a new tax on Ontarians, that will raise the cost of virtually everything in this province, I believe it's my duty and that of my neighbour and colleague Bill Walker, the MPP doing a great job representing Bruce-Grey-Owen Sound—it's our duty as lawmakers to get this right.

To that end, Chair, I want to be sincere in saying that we both appreciate the government's offer to provide additional briefing. Unfortunately, it happened during the CLEAN Alliance luncheon earlier today, but I got down there just at the tail end. Perhaps the minister didn't see me there. I was pleased to get around the room and chat with some people and make appointments with them to follow up.

But I need to share with you that the briefing that we had at that same time was very helpful. I thank the MOECC staff for taking time and talking through and helping us to put in perspective what the true amendments that are coming forward mean and the impact they would have. Certainly, we appreciate the time that they spent, because I know it was over a lunch hour and a difficult time for some.

I just want to say with regard to motion 32.4 that the time we did spend with officials has helped us come to a

conclusion on this amendment, and we understand the government's decision to have the regulation-making authority for offsets under 35.1. So as a result of time well spent, we'll be voting in favour of this motion.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote. Those in favour of government motion 32.4? Those opposed? I declare government motion 32.4 carried.

We will move on to section 34, as amended, in its entirety. Is there any further discussion on the section, as amended? There being none, I shall call for the vote on section 34, as amended.

Those in favour? Those opposed? I declare section 34 carried, as amended.

We shall move to section 35. We have government motion 32.5. Mr. Potts.

Mr. Arthur Potts: I would like to withdraw the motion.

The Chair (Mr. Grant Crack): Government motion 32.5 is withdrawn.

We have government motion 32.5.1.

Mr. Arthur Potts: I move that section 35(2) of the bill be struck out and the following substituted:

"Same, to the minister

"(2) The regulations may specify that a prescribed number or amount of Ontario offset credits created in respect of an offset initiative registered under section 33 shall be retained by the minister for such purposes as may be prescribed by regulation."

The Chair (Mr. Grant Crack): Further discussion on government motion 32.5.1? Mr. Tabuns.

Mr. Peter Tabuns: If we could just have the government's reasoning?

Mr. Arthur Potts: It just clarifies the syntax for French-language translation.

Mr. Peter Tabuns: That's it?

Mr. Arthur Potts: That's it.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 32.5.1.

Those in favour? There are none opposed. I declare government motion 32.5.1 carried.

1410

We have one amendment to section 35. Is there any further discussion on section 35, as amended? There being none, I shall call for the vote.

Those in favour of section 35, as amended? Any opposed? I declare section 35, as amended, carried.

We shall move to government motion 32.6, which is proposing a new section 35.1. Mr. Potts.

Mr. Arthur Potts: I move that the bill be amended by adding the following section:

"Retiring, cancelling credits

"Retirement

"35.1(1) The minister may, in such circumstances as may be prescribed and in accordance with the regulations, retire credits from circulation.

"Cancellation

"(2) The minister may cancel Ontario credits in accordance with the regulations in such circumstances as may be prescribed.

"Same, Ontario offset credits

"(3) Without limiting the generality of subsection (2), the regulations may provide for the cancellation of Ontario offset credits if the minister determines, in accordance with the regulations, that there has been a failure to comply with any requirements imposed under this act with respect to the offset initiative to which the offset credits relate.

"Number, amount cancelled

"(4) The number or amount of Ontario credits to be cancelled is prescribed by the regulations or determined in accordance with the regulations.

"Same

(5) Despite subsection (4), in prescribed circumstances, the number or amount of Ontario credits to be cancelled shall be determined by the director in accordance with the regulations.

"Opportunity to be heard

"(6) If the minister proposes to cancel Ontario credits, the director shall give every registered participant in whose cap and trade accounts the credits are held, and such other persons as may be specified by regulation, notice of the proposal in accordance with the regulations and shall, in accordance with the regulations, give them an opportunity to be heard.

"Conditions upon cancellation

"(7) The regulations may provide that, if Ontario offset credits are cancelled, the sponsor of the registered offset initiative to which the credits relate is required to submit an equal number or amount of credits to the minister in accordance with the regulations."

The Chair (Mr. Grant Crack): Thank you very much. Mr. Potts?

Mr. Arthur Potts: The motion is introduced to bring more clarity to the section we deleted in the last section about how and the circumstances under which, under regulations, credits can be revoked.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Again, we really appreciate the time that the government's counsel took to explain this rather lengthy amendment that appears to be a major oversight of the government. I know the minister likes to claim that his amendments are fixing just a couple of typos, but really, we all have to admit around this committee table that this particular amendment is quite substantive.

Just to recap, this motion actually reintroduces the minister's ability to cancel Ontario offset credits. Specifically, 35.1(6) of this amendment requires the director to give notice to any participant who may have their offsets cancelled.

Earlier today, over the lunch hour, I asked officials why the government is all right with providing notice to participants before cancelling offset credits under this subsection, but it was not all right with our motion to provide notification before removing allowances and

credits from a participant's account. I was told at that time—over lunch hour, and again, I really appreciate their time—that counsel would be getting an answer on why notice could not be given before the removal of a credit, but it can be given after the credit has been retired. I'm just wondering if one of the government's officials has had a chance to provide that rationale to the committee.

The Chair (Mr. Grant Crack): Any further discussion? Ms. Thompson?

Ms. Lisa M. Thompson: Yes, I think it's just really important that we do due diligence and we take time to ensure that we know what's going on. We need a system in Ontario that Ontario businesses see as a creation of a strong Ontario market for offset credits, particularly from our agricultural sector. As you know, I've pointed out previously that the agricultural sector is MIA in the first compliance period. For the first three years, the agricultural sector isn't brought to the table one iota.

I think we need to give this some more thought, Chair. I'd like to call for a 20-minute recess, please.

The Chair (Mr. Grant Crack): Okay. There's been a request for a 20-minute recess. Do we have consensus from the committee?

Interjection: No.

The Chair (Mr. Grant Crack): I heard a no, so I'll entertain further discussions. Mr. Walker.

Mr. Bill Walker: Just before the vote, or can I still speak to it?

The Chair (Mr. Grant Crack): The process is, if I haven't called for the vote, then it has to be consensus, unanimous consent. If I call for a vote and there's a request for a 20-minute recess, it's automatic.

Mr. Bill Walker: Okay.

The Chair (Mr. Grant Crack): Mr. Walker.

Mr. Bill Walker: My colleague asked if we would be having a member of the government who's going to explain and provide more detail to this, and I didn't hear that being "yes" or "no," so I just wanted clarification on that, first and foremost. I believe there is a need for more clarification.

It's been very interesting. This morning, when my colleague asked her question in the House, the minister stood and said that there were a lot of technical details. It's rather bothersome for me to be the representative in my riding on such a contentious piece of legislation—that they rushed it out the door and yet there are 70 amendments. In another committee that I'm sitting on, we offered 29 amendments, of which the government didn't accept one single amendment on that piece of legislation. And yet this is theirs that they brought to the table, and you're telling me there are 70 amendments?

There are a lot of ambiguities, there's a lot of confusion. People become very suspect when you can't answer very quickly and you start to say, "Well, it's a technical detail. We didn't quite get to that before we tabled the legislation." That makes it very onerous on all of us, so I think it's very critical that we have clarity. I think it's only appropriate that the minister, in particular,

if they're going to bring this type of legislation—those technicalities should have been thought of. It's kind of kind like bringing the budget out before you finished the consultation process, if you will, and making sure that we actually listen to the people who this is going to impact.

My riding of Bruce-Grey-Owen Sound, as is my colleague's from Huron-Bruce, is a very large agricultural sector of our economy. This is going to have significant impacts on that community. When they hear things like there's 70 amendments to a bill where they're already wondering what's going on—we've removed the Auditor General's ability to provide oversight after this is done. There's a lot of speculation of where the actual dollars that are going to be collected via this act are going to go: Are they truly going to go to fight climate change or are they going to go into a general fund? So there's a lot of challenge, certainly in my riding, in regard to wanting to get clarity to ensure that we know what the legislation's truly going to do.

I think my colleague raised a good point. The government's all right to provide notice on their perspective, but what about the opposite, providing the right of motion to provide notification before removing allowances? It just seems, again, that there's more and more of a burgeoning sense of people out there—I think it gets back to that empathy and why people are getting disenfranchised with our electoral system.

When we put things out like legislation and we can't really put it in black and white, we really can't make it clear—Bill 100 is one that I would bring to the table to say that it's very similar to this. There's a lot of ambiguity. If there had been more clarity and they had brought all the stakeholders to the table before it was rushed to Parliament, then people would have had that proper buy-in. They would have had the ability to ask, engage, and truly know what was being intended, and then we would have taken out a lot of that challenge of confusion, anxiety, and people starting to go off on tangents. That's not easy; there may be very great parts of that bill that we will support and certainly want to support, but we also need to know what those other things are.

Our communities come to us, asking those very pertinent questions: "What does this really mean?" When all you say is, "It's a technicality. Just go with us. Just trust us," that doesn't cut it. So I really think it's important that we actually have a member of the government, an official of the government to actually provide that critical clarity that we all understand. It's very challenging for me to vote on any portion of a bill if I don't clearly understand the intent and what the actual reality of it will be. Sometimes unintended consequences, as you're quite well aware, Mr. Chair, are a challenge for legislators—if something comes out and we hadn't thought it all the way through and we hadn't made it crystal clear and listened to all the stakeholders.

I would ask that we have clarity on whether we're going to have a government official, and if not, then I think I would reinforce my colleague's request for a

recess to consider this amendment and truly understand it before we're put in a position by the government to actually have to vote on something we, in all rights, maybe don't understand clearly.

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: I appreciate Mr. Walker's interest and concern. He wasn't here the last couple of days—and I don't mean that as a criticism—except that he didn't witness the critic for his party repeatedly using this as an opportunity to filibuster, to delay. You've had an opportunity to meet with staff; you could have asked questions about this particular amendment then, during the briefing. Had your party shown up earlier with your amendments and responded to any of the requests from our staff to get briefed, we would have been able to work with you on your amendments. You've already indicated your support in principle of the notice provision here, so you will not be getting unanimous consent to bring people forward—

The Chair (Mr. Grant Crack): I'm just going to interject for a second. There has been a request to have ministry officials come forward for an explanation. That is within order.

1420

Is there someone from the ministry—could we actually have a direct question? Ms. Thompson.

Ms. Lisa M. Thompson: Sure. Just to go back and reframe this: During our briefing, we were told—okay, I'll back up a little bit more. I asked officials today why the government is all right with providing notice to participants before cancelling offset credits under this particular subsection, but it was not all right, with our motion that we provided earlier, to provide notification before removing allowances and credits from a participant's account.

I was told, over lunchtime, when we had the additional briefing—I might say a little sidebar here: We were supportive of the lost amendment because we did have a valid explanation. This time is well-spent, Chair, no matter how this government chooses to spin it.

During our briefing, I was told that counsel would be getting an answer on why notice could not be given before the removal of a credit, but can be after the credit has been retired. I just wondered if one of the government officials was ready to provide that particular rationale to the committee. It may help in our decision as to how we go forward.

The Chair (Mr. Grant Crack): Mr. Potts, can you provide clarification?

Mr. Arthur Potts: Is it not my understanding that you need unanimous consent for us to bring someone forward?

The Chair (Mr. Grant Crack): No.

Mr. Arthur Potts: No?

The Chair (Mr. Grant Crack): It's within the rights of any committee member to ask for clarification from the government side. If the government side can't clarify, then they have the ability to bring someone.

Mr. Arthur Potts: Okay. Last meeting, we were voting on unanimous consent to bring them forward.

The Chair (Mr. Grant Crack): I was trying to be very nice.

Mr. Arthur Potts: That's a nice point of view. I love your impartiality, Chair. I appreciate that very much. Did you know?

The Chair (Mr. Grant Crack): Thank you. Is there anyone from the ministry who would like to come forward to speak—

Mr. Arthur Potts: Can I also have clarification, Chair, from the Clerk? She's asking a question about a motion that has already been voted down. Is it really properly before us, or is it about this motion specifically here? Her question relates to why the motion that was voted down was voted down, as opposed to why we should be supporting this motion.

The Chair (Mr. Grant Crack): No, I think it's a request concerning this particular amendment.

Ms. Lisa M. Thompson: No, no. It's totally different.

The Chair (Mr. Grant Crack): Is there anyone from the ministry who could come forward?

Mr. Walker.

Mr. Bill Walker: If they're not, then I think it would make it very apparent that we should have a recess to allow the government to have time to find that person who has the ability to truly, clearly explain this.

It would also give us time to be able to collect our thoughts and make sure we have good, pertinent questions for when they are in the room, so we actually resolve this and get that clarity, so that we can move on with this legislation.

I think my colleague has been here—although, I haven't, so I hear what my colleague Mr. Potts is saying, that I wasn't here. But she certainly has been here and, frankly, I think it's not appropriate for him to tell her whether she's clear in her mind about it and whether she has sat here.

If she says that she's not clear and she needs help from the government—our job is to ensure that this is the best legislation possible and that we have access to the resources to ensure that we're making a very effective and knowledgeable decision.

The Chair (Mr. Grant Crack): Thank you, Mr. Walker. Ms. Thompson.

Ms. Lisa M. Thompson: Again, as you saw in the previous amendment, we actually appreciated the explanation that we received during our lunchtime briefing today, and that did make a difference.

I think it's appalling that this government is trying to use spin to thwart our efforts to drill down on our particular rationale as to why another amendment is coming forward. Again, you're completely rewriting this bill on the fly. Ontarians, as well as opposition, deserve the respect when a question is asked for more rationale. That's it; that's all.

You weren't in the room earlier today for the briefing, but I was told, at that time, that counsel would be getting an answer on why notice could not be given before the removal of a credit, but can be given after the credit has been retired.

I was just asking if that particular rationale was now available, and I don't know why they're not letting their own officials come to the table.

The Chair (Mr. Grant Crack): Okay, thank you very much. Mr. Potts, feel free to answer the question.

Mr. Arthur Potts: Sure. Maybe this will answer your question.

Under the previous motion that you made, you were actually interfering with the marketplace by giving a signal beforehand, which could affect people's decisions and speculations on the credits. Here, it's a courtesy to the people who are in the sector. It's a very different animal.

If it was a policy decision that we didn't support your motion back then, you're not going to be able to get a technical reason about that; it's a decision that we have made. You can hold us to account for it all you want, but in this case, it's a courtesy—a courtesy that I believe you support—in order to provide notice to people whose credits are being retired.

The Chair (Mr. Grant Crack): Any further discussion? Mr. Walker.

Mr. Bill Walker: Mr. Potts, you raise an interesting point for me. I guess what I'm trying to get, if you could give even further clarification—so you're telling me your concern by doing this is that it will actually have a huge impact, potentially, on our stock markets and the ability of the markets to do this, and yet you brought this forward as legislation? Is that not a pretty critical piece of anything we do here? You would have thought that would have already been in the legislation.

It further reinforces my concern that if there are 70 technical amendments—that's a pretty significant technical amendment if we're actually talking now about how we're going to impact the market. It's one of the biggest things, I think, we have brought to the floor in this whole piece of legislation: What's the impact to our economy, what's the impact to our jobs and to our agricultural sector, specifically in our ridings? But at the end of the day, it's why I need a bit more clarity. If I'm going to be called to vote on this—and yes, I'm subbing in, so I do apologize that I don't have as much knowledge as my well-versed critic—but at the end of the day, this is very interesting.

I want to understand a little bit—that you're going to impact the market that significantly, and it wasn't in the original piece of legislation. Why would that not be—you've had experts working on this.

Mr. Arthur Potts: No, I think you've misheard me.

Mr. Bill Walker: Could you then, please, further clarify?

Mr. Arthur Potts: We didn't support the previous motion from your government—

Ms. Lisa M. Thompson: Our government.

Mr. Arthur Potts: Sorry, I guess from your party—

Laughter.

Mr. Bill Walker: We like how you think, though.

Mr. Arthur Potts: —because it speaks to the enforcement of the allowances that are out there, and that would

have been a disruptive—so we didn't support that; whereas in this situation, it's a courtesy now that you can do it.

This is not a technical amendment. Granted, it's a longer amendment to clarify how credits can be cancelled and that process. This is where we clearly were listening during the public hearings when people said, "We need some more clarity around the cancellation of credits," so we brought forward a motion to do that. This is one of a number. Not the 70, but the vast majority of what we're bringing forward are, exactly, as I said, French translation issues; a word here, a word there; and clarifying language so that it's consistent throughout. Those are technical amendments. There are a number of them, this being one, that it is important that we get in so that we've responded to people's concerns that they brought forward to the hearings.

The Chair (Mr. Grant Crack): Further discussion? Mr. Walker.

Mr. Bill Walker: Again, I think I'm getting more clarity about what you're suggesting. Is there a way that we can address this so that all parties involved—because certainly, the last thing we want to do is do anything that's going to have a negative impact on the markets or supersede. Is there any ability that we can put in writing so that it's clear for all parties involved, as we do the negotiation on how this will be laid out, that you're never going to supersede or negatively and inadvertently, perhaps, trigger that?

Mr. Arthur Potts: No, we fixed that by not supporting your motion. This one doesn't have that impact. This is totally separate and apart. This is just a courtesy, that it's part of the regular process that people are notified of the credits being retired. That doesn't have the market impact, and this is why we can do it here and why we didn't do it before, under the motion that you put forward.

Mr. Bill Walker: I think I understand where you're going. On the other hand, I still in my head have—is the minister solely able to do this?

Mr. Arthur Potts: If you read the amendment, it has the director by regulations. It's under regulations. Directors, authorized persons, it's all here, very clear. So let's just vote on it and move forward.

Mr. Bill Walker: Thank you.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Well, I'd be remiss if I didn't pick up for a moment and say that clearly, there's a lot of concern over how monetizing the environment in the name of a cap-and-trade scheme could lead to the gaming of a brand new financial market. There's so much oversight and so much layering that clearly, this government is a little concerned about their cap-and-trade scheme. The easiest way forward would have been a revenue-neutral pricing plan.

I just needed to say that for the record. Thank you.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Ms. Lisa M. Thompson: Chair?

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I would like to request a 20-minute recess.

The Chair (Mr. Grant Crack): That is within order, so we will have a 20-minute recess.

It is currently 2:29 p.m. This meeting is recessed.

The committee recessed from 1429 to 1449.

The Chair (Mr. Grant Crack): I'd like to call the meeting back to order. It is 2:49 in the afternoon on this glorious day.

There was a request for a 20-minute recess prior to me calling for the vote, so we shall continue with the vote. We are dealing with the new section 35.1, which is government motion 32.6. Since there is no further discussion—

Mr. Arthur Potts: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote, and that shall be entertained.

Ayes

Hoggarth, Martins, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare government motion 32.6 carried.

We shall move to section 36. There is a new subsection 36 being proposed in PC motion 32.6.1. Ms. Thompson.

Ms. Lisa M. Thompson: We're going to withdraw this motion.

The Chair (Mr. Grant Crack): PC motion 32.6.1 is withdrawn.

Ms. Lisa M. Thompson: If I may, Chair, I want to speak to why we're withdrawing it. Essentially, we don't need to link its cap-and-trade scheme, if you will, with other programs. What we want is a made-in-Ontario—

Mr. Arthur Potts: Point of order.

The Chair (Mr. Grant Crack): Sorry, Ms. Thompson.

Point of order, Mr. Potts.

Mr. Arthur Potts: Once the motion has been withdrawn, it's no longer before us. Therefore, she can't be speaking to something that's not before us.

The Chair (Mr. Grant Crack): I will uphold Mr. Potts's point of order.

We shall continue to PC motion 32.6.2, which is proposing a new subsection 36(3). Ms. Thompson.

Ms. Lisa M. Thompson: I appreciate this opportunity to speak. Again, we need to be mindful that Ontario doesn't link its cap-and-trade scheme with other programs and—

The Chair (Mr. Grant Crack): Ms. Thompson, are you going to move the motion first?

Ms. Lisa M. Thompson: Oh, yes. Let me start over again. I just wanted to jump into a big message we need to get on the record.

I move that section 36 of the bill be amended by adding the following subsection:

“Offset credits, standards

“(3) For greater certainty, a prescribed instrument that is recognized under subsection (1) and treated as an Ontario offset credit for the purposes of this act is subject to the standards referred to in subsection 34(2.1).”

The Chair (Mr. Grant Crack): This motion that you're proposing was dependent on the previous PC motion, which you just withdrew, passing. As such, it would be out of order.

Ms. Lisa M. Thompson: That's fine.

The Chair (Mr. Grant Crack): There are no amendments to section 36. Is there any further discussion on section 36? There being none, I shall call for the vote.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. That shall be entertained.

Ayes

Colle, Hoggarth, Martins, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare section 36 carried.

We shall move to section 37, which is government motion 32.7. Mr. Potts.

Mr. Arthur Potts: I move that section 37 of the bill be struck out and the following substituted:

“Actions not invalid

“37. A failure by the minister, the director or a delegate or agent of either of them to act in accordance with any requirement or restriction imposed under this act does not invalidate any of the following:

“1. The creation, distribution, retirement from circulation or cancellation of an Ontario emission allowance.

“2. The retirement of any other emission allowance from circulation.

“3. The creation, issuance, retirement from circulation or cancellation of an Ontario credit.

“4. The retirement of any other credit from circulation.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Could we just have the government explain what, exactly, is the reason for this amendment?

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: The amendment ensures that critical components of the cap-and-trade program affecting participants can be maintained. It actually is substituting the existing language in section 37 with new language that will provide some certainty that specified actions are not invalidated by the failure of a minister, director or delegate. It provides a guard or comfort against—if there is an omission or error, it doesn't affect the integrity of the system.

Mr. Peter Tabuns: Okay.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: I just want to reach out and thank the officials for spending some time with me this afternoon to go over this particular amendment. This

amendment—our understanding is, as a result of the briefing we had over the lunch hour—allows the government's decisions to stand even if the minister, his director or one of his agents fails to act in accordance with the provision of this proposed law. Officials explained during the briefing earlier today that this could be, for example, applied to the minister missing a timeline on an auction, so they didn't want a minister missing a timeline to hold up an auction. This amendment would protect the government from lawsuits, for example, if the government missed a timeline on holding an auction for the emission allowances.

We wouldn't want to see the government abuse the rules and use this section to protect itself. It's really important that we recognize that, whether it's for creating or cancelling credits.

Upon reflecting on the briefing earlier today, Chair, one thing we didn't get in our meeting today is an answer to a question that I would like to be thoughtfully addressed. That question is: Does this amendment provide any type of recourse for companies and organizations regulated under this act? In other words, is there an opportunity for an appeal, and if so, what type of appeal could be used?

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The answer is no.

The Chair (Mr. Grant Crack): Thank you.

Ms. Lisa M. Thompson: Okay.

The Chair (Mr. Grant Crack): Mr. Walker.

Mr. Bill Walker: Could the government provide a little bit more substantive response, so that we can understand why that wouldn't be? I think the question's valid. Many companies want to know, particularly if there's a change—if they've entered into something and there's going to be a significant change to their business plan that's going to have a big ripple effect to their employees, their sustainability. Most things have an appeal process, an ability to at least understand why the change has happened. So just to hear “no,” Mr. Potts, my colleague—a little more, if you would, please.

Mr. Arthur Potts: It was a very specific question.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I actually think that it deserves some more fulsome discussion, with all due respect to the member opposite. I specifically wanted to know further: Is there a type of appeal? The answer was no. If it would have been yes, we would have wondered why and there would have been an opportunity to explore the type of appeal that might have been allowed. But now that the response is a very curt “no,” I'd like to know the rationale behind not allowing anyone an appeal, because, to me, quite frankly, this doesn't bode well for transparency. This doesn't bode well for accountability in terms of this government's actions. You would think that if they wanted stakeholders to be comfortable with their cap-and-trade scheme, they'd be more willing to come forward with a rationale to justify amendments.

This government, time and again, never ceases to amaze us as to how arrogant and short-sighted it tends to be. They say, on one hand, that they've listened to stakeholders, but on the other hand, with the curt “no” that we heard earlier, quite frankly, it's clear that they just don't care about stakeholders.

So I'd like to go back and revisit and echo the member from Bruce-Grey-Owen Sound and ask the member opposite to help us understand why there's just a quick “no” on a sincere question that allows stakeholders an opportunity to have an appeal.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Again, out of a sense of courtesy to my friends on the other side, the answer I gave to the member from the NDP, Mr. Tabuns, answered the question. You asked a whole bunch about how this is going to protect the minister against a lawsuit. It doesn't. Whether there is an appeal of this process, it's not necessary. What this motion does is clarify that as a result of any error or omission by the minister, director or others, the integrity of the program continues; it doesn't delay it. So it's fairly straightforward. The things that you asked—were they in there? I just said no, they're not.

1500

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: It's just very unfortunate that, again, this government is seemingly thumbing its nose at all people who are going to be impacted by this cap-and-trade scheme, and that there's no room for any type of appeal. Again, if I were Ontario businesses, it would be another reason to be very skeptical of this Liberal cap-and-trade scheme. It's too bad.

The Chair (Mr. Grant Crack): Mr. Walker.

Mr. Bill Walker: I'm just wondering: From the government's perspective, when this was being discussed and developed, and you engaged the stakeholders, was there much of a discussion on this point? Did the business community raise this as a substantive concern? And could you please provide a little bit of context of what that discussion was and how exactly you came to the decision, if there was much pushback or concern raised by the business community? I can't fathom that there wouldn't have been.

I've been involved in a lot of business transactions, as many of us have been. Especially in something as significant as this, typically businesses would want to protect their investment, assets and their business plans, so I think they would have brought this to the table as a fairly significant discussion piece. I would just like to see, from the government's perspective, what that discussion was, and how significant the discussion was.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: I have no more to add.

Mr. Bill Walker: Sorry?

Mr. Arthur Potts: I have no more to add.

Mr. Bill Walker: So you won't answer the question?

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Given their lack of ability to respond to questions that are being asked today, Chair, this is a huge flag for all of Ontario, because clearly this government is setting itself up to use this section to protect itself, whether it's for creating or cancelling credits.

First of all, they ban the Financial Accountability Officer from accessing pertinent information for him to hold them to account. Now, they're just arrogantly saying, "You know what? There's no room for appeal in this regard, to section 37."

It's an absolute travesty and yet another example of how this government is railroading its way through a scheme that is only devised to monetize the environment for, first of all, environmental photo ops. Secondly, they can't get to the money fast enough to offset the cost of their infrastructure.

I think it is a sad day for Ontario when we hear—it's one thing to expect that type of response from the Minister of the Environment and Climate Change, and cap-and-trade, but it's another thing to hear that sense of tone and that sense of arrogance translate through to committee members. It's too bad. The stakeholders will be very concerned about this particular discussion that we're having right now, and that the fact is there is absolutely opportunity for appeal here.

It's interesting: Again, I'd just like to echo, Chair, that I really appreciated the time spent over lunch hour with the officials. We did, I feel, share some pertinent discussion that allowed us to wrap our heads around a number of the government motions coming forward. Unfortunately, we did not get far enough in our briefing today, but clearly, with the curt answers that we are getting, any amount of briefing would not take away the intent of this government's cap-and-trade scheme. They just want to get their hands on a slush fund. That's more than apparent here now today. It's shameful.

The Chair (Mr. Grant Crack): Mr. Walker.

Mr. Bill Walker: It's a little bit incredulous, in my mind, that the members opposite would not provide—what I thought was a pretty rational question. We come here to represent people from our ridings from across the province. A government that always tries to suggest in the House that they are open, transparent and accountable—we're asking questions to try to ensure that we're as informed as we certainly can be, that we're representative of all the stakeholders out there. They certainly have a challenge in regard to trust and credibility on a number of different matters across the province.

As my colleague astutely pointed out, the Financial Accountability Officer has been cut out. The Auditor General has been cut out. A lot of people are asking—and I'll use the words already used in this committee—is this going to be a slush fund for general coffers to cover up and bail them out?

Of a number of mismanagement steps that they've had over their 13-year tenure, here is an opportunity for us to actually ask them accountable questions, to trust their credibility, to ensure for the public's perspective that

they're getting answers and they have thought through all of these and that they've engaged and listened to the people out there. I don't think what I asked was outlandish. I don't think it was something that didn't bear at least the respect to give me an answer so that I could make sure in my mind and for those I represent that I'm clear in my thinking.

I find it very challenging that the government would give up an opportunity to show their accountability and their transparency. So I'm going to ask the government again if they would please share—particularly Mr. Potts, as he seems to be the spokesperson; if not, I would open it up to any of the members. Certainly, they have the ability to speak on behalf of their government and their constituents.

I'm going to add another tweak. Was there at least one stakeholder who asked this question? If so, I think you're doing a disservice to that stakeholder or group of stakeholders who would have asked a very similar question about this. Businesses do not enter into something as significant as this type of legislation and get into a transaction which they could be staking their future on without understanding if there is an appeal, if there is going to be a change.

We've seen a lot of changes with this government. They say one thing, and a couple of days later, with a bit of political pressure, they flip-flop and they turn that discussion back over. So I can see why companies are coming to me and saying, "Can you just assure me that if we walk into this"—they're taking a leap of faith by saying that they're going to put this money in an area where it's going to benefit the climate and our environment. We need to ensure—it raises doubt—that they're actually going to utilize this money, when they won't even be accountable and transparent in committee, which is kind of the focus of committees.

At the end of the day, I would ask those very specific questions: Has at least one stakeholder or a group of stakeholders done that? Would he share with me a brief summary, at least, of those types of questions that have been asked? And why, very curtly, was it an absolute "No, we're not going to talk about this"? Why are we not going to talk about it?

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Chair, we've wasted almost 20 minutes on what is clearly a very technical change to this bill. The existing section 37 has almost every single provision in the replaced section 37. There's no talk of an appeal. This is something that came as a result of legal saying, "You want to just clarify." It's clarified. It's a technical amendment. For the caucus opposite to continue to filibuster demonstrates once again that they have no interest in moving this bill forward.

They refer to me as being arrogant. They show their ignorance by not recognizing that this is simply a technical amendment.

The Chair (Mr. Grant Crack): Further discussion? Mr. Walker.

Mr. Bill Walker: Just for the record, I don't think that I referred to you as being arrogant. A few minutes ago, you very succinctly said you want a specific question—you gave a very specific answer. I asked you a very specific question: Was there a company or a group of companies that brought this up in the context of your stakeholder engagement? You haven't done me the courtesy of even answering that question, so I'm trying to—

Mr. Arthur Potts: I just did.

Mr. Bill Walker: No, you didn't. You just keep going on and saying you want to steamroll this, like most things. You want to just take things—like you did with the Green Energy Act. How well is that working for us?

I hope you can respect that there are a lot of challenges across our province, particularly with stakeholders in rural and northern Ontario, who challenge when you say, "We just want to move on. We just want to get on with this."

I don't believe it's filibustering; I believe it's respecting our democratic right to ask questions until we're prepared to move forward with a government that has made a lot of decisions that are negatively impacting the taxpayers, the constituents, the great people of Ontario significantly. Some 85% of Ontarians have asked you not to sell Hydro One shares, and you continue to steamroll ahead, saying, "Just listen to us. We know best."

So with all due respect and reverence, I did not say you were arrogant. I have asked you out of respect and courtesy to answer my question so that I can have a better sense, and I believe there are stakeholders who want to hear that question answered as well.

Was there stakeholder engagement? Was this very specific area covered? Did at least one business—or the business community—ask this, and if so, please give me a basic summary of what decision was made and why you decided to move forward?

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I need to pick up where the member opposite left off. He was implying that there was some ignorance over the technical aspect of this particular amendment. I think I need to reflect and throw back across the floor that there is some ignorance happening today, and it's not on my part.

The fact of the matter is, I explained very clearly to the member opposite from Beaches–East York that one thing we did not receive in our meeting today—and I have every right to ask the question. His reply is a proof point to the arrogance that we in opposition have to deal with day in, day out.

1510

So I would like to repeat my question that came forward as a result of our briefing today. He needs to respect the fact that we are being proactive on this file and that we're doing our due diligence. If they want to call it anything but, shame on this government. I will repeat my question to make sure that he has it clear. As a result of our briefing today, one thing we did not get during our

meeting was an answer to the following: Does this amendment provide any type of recourse for companies and organizations regulated under this act?

That's a fair question. It's a continuation of a dialogue. It's a continuation of a discussion. There is nothing but arrogance in the manner in which it was answered. That's why we in opposition have taken offence to his very curt "no." If we're going to get somewhere, perhaps there needs to be a little bit more consideration given to a fair dialogue.

The Chair (Mr. Grant Crack): Mr. Walker?

Mr. Bill Walker: My colleague jumped in the rotation here, so I just want to make sure that my colleague opposite—I had asked very specific questions. I just want to ensure that he is actually going to provide a response. I hope it's not just a "no"—or go back to "We just want to drive on. We just want to steamroll this. We just want to move on to the next technical thing." He, I think, has even said, in his own words, that this isn't one of those technical—just a change for language purposes. So I can't understand why, when this one isn't one of those very supposed simplistic technical language ones, that he won't provide some kind of answer to address the concerns of stakeholders and the people of Ontario.

I want to ensure that we don't just pass over that, Mr. Chair. I want to ensure that the member has all opportunity to be able to express and be open, accountable and transparent to the people of Ontario, and give a very forthright answer. I think my colleague raises a very good question, and I think we need to understand, not just in a "yes" or a "no." I think we understand what the context of that discussion was and how significant the conversation was when those stakeholders, if they were engaged—how that went.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 32.7.

Those in favour of government motion 32.7? Those opposed? I declare government motion 32.7 carried.

As a result, there is one amendment to section 37. Any discussion on the section, as amended? There being none, I shall call for the vote.

Shall section 37, as amended, carry? Those in favour? Those opposed? I declare section 37, as amended, carried.

We shall move to section 37.1, which is a new section proposed by government motion 32.8. Mr. Potts?

Mr. Arthur Potts: I move that the bill be amended by striking out the heading "Inspection and Investigation" before section 38 and adding the following section:

"Verification, Inspection and Investigation

"Verification of reports

"37.1(1) This section applies if this act, a regulation or an order requires the verification of a report given to the director.

"Verification

"(2) Any verification, including any re-verification, must be conducted in accordance with the regulations by a person who is authorized by regulation to conduct it.

“Re-verification

“(3) The regulations may require a re-verification of a report in such circumstances as may be prescribed.

“Same, required by director

“(4) The director may require a re-verification of a report if the director is of the opinion that it was not verified in accordance with this act or the regulations or in such other circumstances as may be prescribed.

“Duty to comply

“(5) Upon receiving notice from the director that he or she requires a re-verification, the person shall have the re-verification conducted in accordance with such requirements as the director may specify in the notice.

“Duty to provide assistance

“(6) If a re-verification is required, the director may require the person who conducts the re-verification, and such other persons as may be prescribed, to provide such assistance to the director as he or she considers reasonably necessary.”

The Chair (Mr. Grant Crack): Thank you very much. Further discussion on government motion 32.8? Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much, Chair.

Again, I really appreciate the officials' time earlier today over lunch hour. We had a good discussion around the verification process and who actually would be doing the verification exercise, if necessary.

I think it would behoove the government and benefit my colleagues here on the opposition side to hear directly from the government's counsel a kind of snippet of the discussion we had with regard to the circumstances in which the government would need to re-verify reports. I think it would be fruitful for the entire committee to hear that.

The Chair (Mr. Grant Crack): So you're requesting—

Ms. Lisa M. Thompson: I'm asking the—yes, thank you.

The Chair (Mr. Grant Crack): No, go ahead with your specific ask, please.

Ms. Lisa M. Thompson: I'm asking the government's counsel to come forward and explain to everyone here today in committee the circumstances in which the government would re-verify reports.

The Chair (Mr. Grant Crack): Is government counsel available to come forward and address the question?

Okay, I believe not.

Ms. Lisa M. Thompson: It was a great discussion we had at lunchtime, so I think it would be a benefit to everyone.

The Chair (Mr. Grant Crack): It appears that there is no one coming forward at this point, so I'll move to Mr. Walker.

Mr. Bill Walker: It's interesting. I kind of thought that the reality of what government was was the debating of legislation and having a wholesome discussion so we could understand all the facts and tenets of any piece of legislation. Sadly, Mr. Speaker, my colleague across who

wouldn't actually answer the questions that I put to him—it really disappoints me. It kind of reflects a trend.

In this case, we're asking for the ability to have re-verification of reports—it would make you wonder why we wouldn't do it right the first time around. It lends itself back to significant administration, bureaucracy and churning of paper. Again, I hear all across my great riding and across this province that we have way too much of it for small business, for the agricultural community, for medium business, for large business. Here we have a piece of legislation that has been rushed out—a very significant piece of legislation. It's going to require 70 amendments. It almost makes you wonder, Mr. Speaker, if this was written on the back of a napkin at a fundraiser or a paid meeting with a minister of the government.

We would want to ensure, Mr. Speaker—I would, certainly, if ever given the privilege to serve in that type of capacity—that we had done substantive research, that we had made sure we had all of this discussion prior to rushing out a piece of legislation. I think we want to get a sense of, “In what circumstance would the government need to re-verify a report?” If this is valid and if there's need, I trust the member opposite will give me at least one example of the type of time and circumstance where you would need to have a re-verification of reports.

Perhaps they could give me a policy rationale of why the government member explained why the system of verification is not sufficient to properly verify information the first time around. We have a lot of people working on these files; we have a lot of very bright people in our employ. So if the member opposite would please give me, I hope, an answer to those questions this time, it would be greatly appreciated.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: This is another one of those situations where we were listening very carefully. Stakeholders had indicated that they needed to be sure that fraud, as experienced in other jurisdictions, wouldn't be repeated here. This provides a very important way of us validating the emitting reports, re-verifying them so that there's confidence in the system so that people are getting to see the GHG emissions that they said they would, and they can move forward. That's what this process is; this has been an amendment with some other details which just make it very clear how the director and staff of the ministry can go about doing this.

Mr. Bill Walker: Thank you very much. You've—

The Chair (Mr. Grant Crack): Mr. Walker.

Mr. Bill Walker: Sorry, Mr. Chair.

You've raised a good point, and it's one that we're hearing and getting queried about all the time, certainly from my constituents: this whole concern of fraud and the gaming of the system, that we're going to play give-away and take-away in regard to these credits. One company can just buy their way out. Is big industry in California going to benefit from this? Are there going to be groups that can game the system?

Can you share with me a specific example of fraud? If this is the rationale that was used, can you give me an example of the type of conversation, the type of fraud, that someone might have led to? Because I need to understand this as well—what types of fraud we could be encountering where you haven't maybe already closed the loophole. I would certainly hope, again if you've done your due diligence on something that's as significant as this, that all those loopholes should have been thought of. Yes, we can always improve and tweak, but can you give me an example of the type of fraud that the person or the persons or the group alluded to in your discussion?

1520

The Chair (Mr. Grant Crack): Thank you very much. Further discussion?

Ms. Thompson.

Ms. Lisa M. Thompson: I actually think that it's absolutely appalling that the members opposite do not see the value and the need to have government counsel come forward and share a discussion that I was privy to over the lunch hour, because it would benefit all committee members and it would be a very productive initiative.

The fact that these members opposite are shielding counsel from coming forward to discuss key elements of this bill—the manner in which this government is introducing a price on carbon through a cap-and-trade scheme that has proven to be a failure throughout the European Union and full of fraud is exactly why we should be having everybody to the table to discuss these amendments.

There's nothing wrong with bringing government counsel forward. I'm sure that a number of members around this committee table aren't aware of the fact that a lot of what is happening in this particular initiative, this scheme and this particular bill is based on what's happening in other jurisdictions. For instance, when we talked earlier today about verification reports and who actually would be doing the verifying, a response over the lunch hour I had was that it was going to be third-party organizations like accounting firms.

Well, Chair, I think it's fair to say that Ontario is already overburdened with a lot of red tape. The last thing that this bill needs to do is outline a whole section on duplicating work. It's an interesting ride that this government is taking right now, and it's our responsibility as opposition to stand up and make them justify why they may not be only making the cost of everything in Ontario go up but why they might be introducing more red tape. Quite frankly, Ontario businesses don't have room to shoulder any more; they can't afford to shoulder any more.

I think it's very telling that, all of a sudden, when asked a productive question, and a fair request has been made for government counsel to share a perspective on something that would be of benefit not only to opposition, but I would dare say to members of the government as well, they go mum. How transparent is that?

I just feel that this is a sad day for Ontarians. That Bill 172 enables this government to introduce a slush fund through their cap-and-trade scheme is going to be a concern for all because they are doing absolutely nothing to instill confidence and transparency. They are actually doing the absolute opposite.

I repeat: Ontario is already burdened by far too much red tape at this time. Couple that with the fact that the government doesn't even want to speak to, or allow their own counsel to explain, in which circumstances governments would need to re-verify reports—it's absolutely staggering.

Again, let's think about this. When we were discussing this during our briefing over lunchtime, the example was given that this government would look to third-party people or organizations to work through the verification process. When we drilled down on that, they suggested large accounting firms like the Big Three.

That does nothing but give a hint of added expense for businesses to shoulder in order to comply with a monetization of the environment, just so this government has more of a slush fund to offset their misspending ways. I just can't believe that this government is taking the position that it is. We have to give more thought to how this is all going to roll out—no two ways about it.

The Chair (Mr. Grant Crack): Thank you. Mr. Walker.

Mr. Bill Walker: I was hoping that we'd have an answer in between there so that I could clarify some of this. But a couple of things that definitely still resound with me: What types of potential concerns of fraud have been brought to the government? You would hope that they have all this covered off in their legislation already, but I'd be curious because there are other jurisdictions that have certainly used these types of schemes and have gotten into fraudulent situations. I want to ask them what types of potential concerns of fraud they have. I want to ask the government if they're confident that the types of fraud that these schemes have encountered in other jurisdictions of the world will not happen. Will they guarantee that their legislation will not permit fraud?

It's interesting that they want to have verification and re-verification, but they've actually cut out two officers of the Legislature, the Financial Accountability Officer and the Auditor General, who really, if you think about it, Mr. Chair, are in the world of doing verification of all the things going on.

It's partly why I'm so concerned and confused here when I ask for questions that we won't get at because—they talk again about transparency, accountability, openness—"We're doing the right thing and we just want to steamroll this thing and get it in," because they have a timeline.

The clock's ticking. When they don't get this in, the monies aren't coming in and they've based their budget on a lot of this slush fund cash that they're trying to attribute in photo-op environmentalism, as my colleague refers to, when at the end of the day they're really just trying to get the cash cow moving as quickly as they

can—yet they've cut out the verification by two very, very significant officers of this Legislature that ensures, on behalf of the population of Ontario, that there's an independent third body that actually comes in and looks at these things.

I hear every day that I'm home in my riding, Mr. Speaker, the question: How can we guarantee the money—we're not really keen on another tax imposed upon us again. We're supportive of helping the climate, supportive of helping the environment, but how can we ensure that the money that's going in there, if you've cut out those two officers of the Legislature and they can't even have a look at them, is actually going to environmental and climate concerns as opposed to a slush fund to bail out some of the other mismanagement that has happened?

You know, the gas plant scandal, the Ornge scandal and all of the things that in the four and a half years that I've been here—I'm not doing anything other than just putting the facts on the table and the reality of what people are asking me in my riding. Frankly, it's my job to bring their concerns to this table, to the table in the House, in our Legislature. This is what I get asked on a very regular basis.

It's interesting when I read a clause that asks not only to verify the first time, which is a good thing, but to re-verify, and yet you've cut out the Auditor General and the Financial Accountability Officer whose jobs it is to provide oversight and verification that you did what you said you were going to do. How will we know what actions within their legislation they actually carried out successfully?

They've cut a lot of this stuff out in regard to our last budget that we just read a few months ago: The Auditor General never again will have the ability to ask, "Where did the money go? Did you actually accomplish what you said on behalf of Ontarians you were going to accomplish?"

I hope that people listening and who may read Hansard are understanding why we are suspect and why we will continue to ask, on behalf of the people we're given the privilege to represent, when we don't get answers, when we don't get the courtesy of at least having them regard us in that respect. It's not so much that they don't want to answer to me—that's not really a big deal—but the people of Ontario and the people I represent deserve that.

At the end of the day, this is certainly a case where I've asked fairly easy things to answer: What types of potential concerns of fraud do you have that this re-verification may prevent? If we already know most of them, then I don't understand why we'd have a duplication of effort and the cost and the expense and the challenge to those industries out there. Is the government confident that the types of fraud with these other schemes we've heard about in other jurisdictions that have been encountered will not happen? Will the government guarantee their legislation that they have brought forward and, frankly, are going to impose on us if they're not

going to take any of our amendments, will permit fraud? Why do they need the re-verification when they've cut out the Auditor General and the Financial Accountability Officer? Maybe they could comment at least on why those two people were cut out of this process when they're so concerned about verification and re-verification.

The Chair (Mr. Grant Crack): Thank you very much. Further debate?

I'm going to stop the debate right there for a second. Although I'm not the Speaker and there has been reference to me being the Speaker here on numerous occasions, I appreciate that, but it is an honour—

Mr. Bill Walker: A premonition.

The Chair (Mr. Grant Crack): —that I dream not of. I want to make that clear. So let's just remind all members that it's the Chair. There's only one Speaker of the assembly.

Having said that, I would also like to bring members back into the actual contents of the motion. There have been a number of questions repeated, so I'm just going to ask members to stay focused on what the motion is.

Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much. Actually, I am very taken with the fact that all of a sudden, this government has chosen to mute themselves over what the minister earlier today said was going to be the most critical piece of legislation in this government's history. It is absolutely going to be impacting all Ontarians.

During our deputations, there was an interesting thread from stakeholder to stakeholder, those who came in to join the deputations. Over and over again, they implied and cautioned against the rushing of this particular piece of legislation. The fact that this government has nothing to say when we ask even the simplest of questions is staggering, and it screams out a lot. This is nothing but a money grab that this government is employing.

Going back to my original question with regard to this motion, Chair, I asked if government counsel could come forward to offer some information that was shared during my briefing at lunchtime because I thought it was pertinent. Time and again, when we ask particular questions of these amendments that we're looking at today, the response would be, "Well, it's happening in California's system," or, "Quebec's doing it as well." Well, I think we've heard—I know we have in terms of the loyal opposition—that stakeholder after stakeholder wants a made-in-Ontario solution for addressing climate change.

Again, in terms of greenhouse gas emissions, Ontario's contribution at the global level is less than half a percentage point, but this Liberal government of the day is looking to cash in on \$1.9 billion—on less than half a percentage point of global greenhouse gas emissions. That shows me that they're nothing but desperate, and they don't care that they're going to increase the cost of everything in Ontario, just so that they can fund their slush funds because they can't stop their mismanaged ways.

I just want to make sure everybody's hearing what I heard earlier today in the briefing, and that is that in terms of verification and this particular motion, section 37.1 of the bill, they're moving forward with a significant amendment, I might say, because California's doing it. Who are going to be the verifiers? Who is going to get involved? Third parties. Who are the third parties? The answer to that was the Big Three—accounting firms. Everybody can conjure up, I'm sure—when you hear “the Big Three,” you're probably conjuring up a few ideas of who that might include, but the bottom line to all of this is that it's doing nothing but burdening Ontario businesses with more red tape and far too much bureaucracy that again is going to make the cost of everything go up.

I think the fact that this government has chosen to hit the mute button on this particular issue is indicative of what's to come. All I can say is, Ontario, hang on to your wallets, because this government's not going to stop until they take every last tax dollar you have available.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Mr. Arthur Potts: Recorded vote, please.

The Chair (Mr. Grant Crack): There's been a—

Ms. Lisa M. Thompson: Chair?

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I would like to call a recess so I can update my colleague.

The Chair (Mr. Grant Crack): A recess is in order.

Ms. Lisa M. Thompson: Twenty minutes, please.

The Chair (Mr. Grant Crack): I shall call for the vote. There has been a request for a recorded vote and, at the same time, there has been a request for a 20-minute recess. Both are in order. I declare this meeting recessed until 3:54 p.m.

The committee recessed from 1534 to 1554.

The Chair (Mr. Grant Crack): I call the meeting back to order. Welcome back.

Prior to the recess, I had called for the vote on government motion 32.8.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): I shall now call the question.

Ayes

Hoggarth, Martins, Potts, Rinaldi, Tabuns.

Nays

Thompson.

The Chair (Mr. Grant Crack): I declare government motion 32.8 carried.

We shall move to “Inspection and Investigation,” section 38. There are no amendments. Is there any discussion on section 38? There being none, I shall call for the vote.

Shall section 38 carry? I declare section 38 carried.

We shall move to government motion 32.9, which is an amendment to subsection 39(3). Mr. Potts.

Mr. Arthur Potts: I move that subsection 39(3) of the bill be amended by striking out “except under the authority of an order under section 46” at the end and substituting “except with the consent of the occupier or under the authority of an order under section 46”.

The Chair (Mr. Grant Crack): Discussion? Ms. Thompson.

Ms. Lisa M. Thompson: This motion is undoubtedly an improvement on the original draft—no two ways about it.

Again, when discussing this earlier today, although we ran out of time and couldn't get through a large of number of motions, we certainly benefited from having the government counsel explaining who would be covered under the term “provincial officer.” I'm wondering, and would like to ask, if the government counsel could please explain, for the benefit of everyone on the committee—because I'm sure some don't know—all those who would be covered under the term “provincial officer.”

The Chair (Mr. Grant Crack): Further discussion? There has been a request by Ms. Thompson, of the official opposition, to have legal counsel come before the committee.

Mr. Potts.

Mr. Arthur Potts: I appreciate the member's concern for elucidating or edifying us on this point, but we're not needing it. If she's comfortable that she got the information already, we're content with that.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Just for the benefit of those who are interested in what happens in committee and will be taking a look at what happens in Hansard, I think it would behoove the government to want to be transparent. Seemingly, the more they muzzle government counsel, the less transparent they are. I think they may want to just give sober second thought to allowing their counsel to come forward, specifically for the benefit of everyone looking into committee Hansard later today, to explain who would be covered under the term “provincial officer.” It's in the spirit of transparency, it's in the spirit of accountability and it's enabling people who are watching the committee and looking up Hansard later to actually have a chance to hear from the government's own counsel. Otherwise, they too might be wondering why the government is trying to muzzle their officials.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I'm concerned, because I know there are a lot of questions. I mean, this is the largest tax bill in Ontario's history. It makes a huge difference to our future way of life. Truly, the government is trying to change the way we operate. I know that putting a price on carbon is something that all parties agree with in this House. We just disagree, possibly, with the way we're doing it. We think it should be revenue-neutral, and in this case we see a huge amount of money going into government coffers, in spite of a government that we've seen more than double the revenue they're taking in—

\$65 billion to \$134 billion, I think, in the budget this year.

It really begs the question: Is the legislation before us going to have any impact on the price of carbon, or is it only about a slush fund that could be spent on many different things? The bill was rushed through, obviously, because we see over 70 revisions. We received a few minutes' briefing today that allowed some questions, but it was just really very quick—we tried to fit it into our day. But certainly we couldn't get the answers we were looking for.

Maybe that's something that legislative counsel could brief us on. They're here.

Ms. Lisa M. Thompson: Absolutely. That's a good idea.

Mr. Jim McDonell: I see some shaking heads.

The Chair (Mr. Grant Crack): Okay, there has been a request for legislative counsel.

Ms. Hopkins?

1600

Ms. Laura Hopkins: Sorry, could I ask you to repeat the question?

Ms. Lisa M. Thompson: Certainly. Given that the government opposite is not allowing their officials to come forward to explain a question that I thought would be of benefit to all, especially those here in the committee room as well as those watching on TV and referencing Hansard later—given that there is an apparent muzzling, we were wondering if perhaps the legislative counsel could offer their opinion as to who would be covered under the term "provincial officers." This is government motion 32.9, subsection 39(3).

The Chair (Mr. Grant Crack): Ms. Hopkins?

Ms. Laura Hopkins: Thank you. The bill contains a definition of "provincial officer" in section 1, and the definition of "provincial officer" refers to another section: A provincial officer is a person who is "designated as a provincial officer under section 70" of the bill.

Section 70 describes who is eligible to be designated by the minister as a provincial officer: The minister is able to designate "public servants or other persons ... to exercise ... powers and perform ... functions" of provincial officers "under this act." Beyond that, I'm not able to help the committee.

Ms. Lisa M. Thompson: Okay. I really appreciate that. Thank you, Chair.

So that begs another question just for clarification: I'm wondering if the government could identify how this might link back to the EPA, for example, in terms of enforcement officers.

The Chair (Mr. Grant Crack): Any further discussion? Mr. McDonell?

Mr. Jim McDonell: So just in the explanation—so it really is open-ended; he can designate anybody of his choosing? I hope it would be based on certain qualifications but it really leaves it open for—

Ms. Laura Hopkins: Section 70 of the act, which is the provision that allows the minister to designate provin-

cial officers, doesn't impose any restrictions on who can be designated.

Ms. Lisa M. Thompson: So it could be a director or another existing enforcement officer etc.

Ms. Laura Hopkins: I'd be guessing.

Ms. Lisa M. Thompson: Okay, that's fair. Thank you.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson?

Ms. Lisa M. Thompson: Thank you very much. I feel that we need to be sure and understand—where we're coming from with this government; the fact that they're being muzzled or choosing not to speak is cause for concern. Either they themselves don't understand the implications of this act or higher-ups are muzzling them. I really think there should be a flag and stakeholders and Ontarians alike should be very concerned.

I just want to express my appreciation to the legislative counsel for shedding some more light on this particular situation. Again, clearly, given the amount of compliance and enforcement that's embedded into this rushed piece of legislation that the government is correcting with over 70 amendments from themselves on the government side, there are grave concerns.

I'm just wondering under what other acts are civil servants allowed to conduct warrantless searches? Again, we need to make sure that we're holding—we're monetizing the environment, we're raising funds and creating a brand new financial market in the name of the environment because this government is cash-strapped and they're looking for a slush fund. I'm just wondering if we have any other examples that the government can speak to.

Specifically, my question is: Under what other acts are civil servants allowed to conduct warrantless searches?

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Well, I'm tempted to answer it, but I find, if I answer it, you'll go on for another hour on a very small technical amendment, which is so inconsequential except for the fact it just allows an inspector to go in with consent. If they don't get consent and they need an order, they have to go get an order. This is how we do it under the EPA; this is how we do it in other pieces of legislation. So there's your answer: It's very small, technical. It just allows them to go in with the consent of the premises owner.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: My question was very specific: Under what acts are civil servants allowed to conduct warrantless searches? If we're not getting a satisfactory answer from government, I'm wondering if, again, legislative counsel might be able to or be in a position to offer an example of other acts where civil servants can conduct warrantless searches.

The Chair (Mr. Grant Crack): Ms. Hopkins.

Ms. Laura Hopkins: Regulatory schemes created by statute often include inspection powers that allow public servants to conduct routine inspections. Those inspection

powers often include the authority to enter premises and look at things. The people who exercise those powers are usually referred to as “inspectors” or sometimes “provincial officers.”

I’m not able to give you the names of statutes under which this is created, but I can tell you that it isn’t unusual in statutes that create regulatory schemes. In all those statutes, the ability of the inspector or provincial officer to enter premises to search is restricted, so that in the absence of consent a warrant is required.

Ms. Lisa M. Thompson: Chair, I thank legislative counsel sincerely. This is information we need to be exploring, not only for the benefit around the table but, as I said, for people watching the committee and people accessing Hansard to see how the opposition is holding the government to account—and the fact that government is being muzzled, and as well, government officials are being muzzled. I really appreciate that legislative counsel was able to comment and clarify. Thank you very much.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I guess I hear the innuendo across that we’re doing some of this discussion to delay things, but stakeholders are really concerned about this bill. They came and talked—we heard a couple of days of stakeholder comments—then the bill was radically changed, and we don’t see the connection. So there is a lot of concern. There’s a lot of concern from our stakeholders as to just what the changes mean, because they haven’t really had a chance to comment on them.

Seventy amendments in a bill is unprecedented. You know, who wrote the thing? I heard today from Minister Murray that they spent over two years on this bill—

Mr. Arthur Potts: Point of order, Chair.

The Chair (Mr. Grant Crack): Point of order. Mr. Potts.

Mr. Arthur Potts: I would hope that the member is addressing the amendment, which talks about “consent of the occupier.” There are just four words in there that he should really address his remarks to.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. I’d just advise Mr. McDonell to stay focused on the amendment that has been proposed.

Mr. Jim McDonell: Well, as I’ve tried to explain, we’re very much concerned. We heard there was a lot of time put into this bill, even though during the last election there was no intention to go ahead with this, but obviously that’s different. We heard that today.

Ms. Lisa M. Thompson: Good point.

Mr. Jim McDonell: So there is a lot of concern. It’s a huge bill. Now the ability for people to come onto sites—we already have those issues with other agencies, the TSSA being one. I have concern, through my own constituents and from people through my critic’s role. They’ve talked about issues they have with the inspectors: their training and how they have the ability to override other professionals, even though they don’t have even close to the credentials that are required under the law for the manufacturers to employ.

We want to make sure that in this case—and here I’m referring to the propane issue, where they ask for

professional engineers to do reports on all transferring of propane, only to find that inspectors with very little knowledge come through and add unspecified preferences to the bill. That’s what happens when it’s open-ended. They may not have any credibility when it comes to the industry, but they are making decisions, and sometimes it almost looks like if they don’t come up with something, they are not doing their job—instead of assisting industry to really work together as a team to come up with the outcome we’re looking for, which is less carbon being used in the environment.

1610

So that’s why we have concern when we see something like this that is not specific and does not talk about credentials or education. Yes, we’re concerned, and with good reason, because I guess the old past record is something that talks about somebody’s future record, and we’ve seen this and we expect the same thing.

The Chair (Mr. Grant Crack): Thank you, Mr. McDonell. Ms. Thompson.

Ms. Lisa M. Thompson: I just want to make sure everybody understands how pertinent my colleague from Stormont–Dundas–South Glengarry’s comments were, in the sense that he referenced that many stakeholders want to be heard on this, and they’ll be watching these committee proceedings. They will be watching these committee proceedings. They’ll be watching and looking in Hansard for any indication that this government truly does want to be open for business, and the fact that government is muzzled and they have in turn muzzled their government officials is going to be staggering.

That point is not going to be lost on our stakeholders, because just to revisit and support what my colleague said, if you might recall, when we were trying to come forward with a fulsome approach to deputations, it was our party, the loyal opposition, that managed to secure 10 minutes of deputations versus five. Staggeringly, when we suggested at least extending deputations to three days, the government shot us down and restricted stakeholders and us in opposition to only two days of deputations.

If I recall, I believe one comment was made about, “Well, who wants to talk about this anyway?” The fact of the matter is, at that point in time, when we were discussing deputations, out of the 18 time slots, 10 were already taken, and, in the end, 49 stakeholders wanted to come forward.

There is a lot of interest in how this government is moving forward with their slush fund under the name of a cap-and-trade scheme, and no one should be muzzled. Everybody should be wanting to work forward and allow as much opportunity as possible to clarify amendments, to make sure that terms are clarified. It doesn’t matter whether you’re watching on a closed monitor or actually reading in Hansard later; everybody understands what the point is.

Again, I just can’t help but think Ontario businesses and Ontarians alike will be more than disappointed with the behaviour of government today in this committee.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell?

Mr. Jim McDonell: It's interesting to note—I was at a number of events in my riding on the weekend, and this is a major item. This carbon tax is something that's got a lot of people concerned.

Mr. Arthur Potts: “Consent of the occupier” is a major issue in your riding?

Mr. Jim McDonell: I can't repeat some of the things that were said about this government because I don't think that would be parliamentary for sure, but people are fed up with the whole notion of just higher taxes, no relief, and really question the government's initiatives here where they try to proclaim that they are really interested in the environment, really looking at cutting back carbon—or they are really just looking for another source of income?

I don't think there are many people in my riding who believe it. Maybe there are in other ridings. I don't know in your riding—

Ms. Lisa M. Thompson: Oh, absolutely.

Mr. Jim McDonell: Or do they see this as, you know, like we've seen over the last couple of weeks where money is transferred through grant systems only to be refunded or repaid in other ways? I think that's the wrong way of government. It's been front and centre, so people are concerned that this bill just allows more of that. They've got a fund here that's outside the view of the Financial Accountability Officer, a post that was created so that we could provide some civility to the spending of this government, and obviously all it takes is legislation that removes it from their area of perusal.

I think, again, that's a government that talks about transparency, but when we sit down and look at their actions, it's anything but transparent.

The Chair (Mr. Grant Crack): Further debate? There being none, I'll have some comments after I call for the vote.

There being no further debate, I shall call the vote on government motion 32.9.

Those in favour? Any opposed? I declare government motion 32.9 carried.

As a result, section 39, as amended: Any further discussion? There being none, I shall call the vote.

Shall section 39, as amended, carry? Those opposed? I declare section 39, as amended, carried.

I would like to just take this opportunity to remind all honourable members that there will be an opportunity to discuss the bill as a whole. What I'm hearing through debate is that on every amendment that's being proposed, the same argument is coming forward each time. I think the points have been made on numerous occasions, so I'm going to be reminding members of the committee to stay focused on the motions at hand, the amendments that are being proposed from whichever party, and that will be the manner in which we shall move forward. Thank you for listening.

We've finished section 39. Now we're going to move to section 40, where there are no amendments, and also on section 41 there are no amendments. With the committee's approval and consensus, would we be able to bundle those?

Interjections: Yes.

The Chair (Mr. Grant Crack): Any opposition? I do not hear opposition. Any discussion on sections 40 and 41? There being none, I shall call the vote.

Shall section 40 and section 41 carry? Those in favour? Any opposed? I declare section 40 and section 41 carried.

We shall move to section 42 and government motion 32.10, which is an amendment to subsection 42(1). Mr. Potts.

Mr. Arthur Potts: I move that subsection 42(1) of the bill be amended by striking out “During an inspection under section 39, a provincial officer may” at the beginning and substituting “A provincial officer who is lawfully present in a place pursuant to a court order or otherwise in the execution of the provincial officer's duties may”.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Potts. Any further discussion?

Ms. Lisa M. Thompson: I would like to hear from the government why they feel this amendment is necessary.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm happy to clarify. The motion amends subsection 42(1) to clarify that a provincial officer may seize property during an inspection that is produced to her or him and anything that is in plain view if the officer is lawfully present in the place that's being inspected. It's an authorization procedure if they're lawfully where they need to be, without warrant, but either with consent or pursuant to an order.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I'm just wondering why this amendment is coming forth. We have to be worried about the seizure of anything without warrant. This has come up. There's just some concern because government is getting involved maybe where you wonder whether it should. Any comment of why this becomes an issue?

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: No, I explained.

The Chair (Mr. Grant Crack): Okay. Ms. Thompson?

Ms. Lisa M. Thompson: You know, in terms of crony capitalism, this particular Bill 172 is setting up an opportunity for government to yet again choose winners and losers. You've designed a scheme, a cap-and-trade scheme specifically—

Mr. Arthur Potts: Point of order.

The Chair (Mr. Grant Crack): Excuse me, Ms. Thompson.

Mr. Potts, on a point of order.

Mr. Arthur Potts: I'm not hearing anything about seizure issues with a provincial officer. I'd like her to please stick to the motion at hand.

The Chair (Mr. Grant Crack): Thank you for your point of order. I'm going to be a little bit more patient and request Ms. Thompson to deal with the motion at hand.

Ms. Lisa M. Thompson: Thank you very much. I appreciate that, Chair, very much.

Essentially, where I was going before I was cut off was that this government is setting rules, you're selecting participants, you're appointing officials, and you're absolutely working through who will or will not have the authority to offer oversight and accountability. We feel strongly on the Conservative side of the hall here that officers of the law should have the authority, with or without a warrant, to enter and inspect a building. We're worried that the current wording of Bill 172 is too specific by referring to inspections only with regard to section 39. The rationale that was offered as to why this amendment was necessary really doesn't hold a lot of water.

1620

You've heard it time and again because the messaging just screams over and over again that, just like stakeholders have said, you've rushed this legislation. You are in the midst of monetizing the environment in the spirit of creating a slush fund to offset your mismanaged spending ways. As a result, we see here yet another amendment that has to be made because the original piece of legislation was rushed through so that your Premier could have a photo op in Vancouver with the Prime Minister. The reality is, Ontarians deserve so much better.

With regard to subsection 41(1)—

Mr. Lou Rinaldi: Chair, a point of order.

The Chair (Mr. Grant Crack): Sorry, Ms. Thompson, point of order—and I know what the point of order is going to be. I will hear it and make my comments.

Mr. Rinaldi.

Mr. Lou Rinaldi: I think, Chair, you were very eloquent in your description of what your expectations were and within about 30 seconds, we fell right back. I would ask that you help bring the discussion back to the amendment. Thank you.

The Chair (Mr. Grant Crack): Thank you very much. I'm going to be very strict from here on in, as my job is to make sure that the business is moving forward in this committee in a reasonable manner, without taking away the rights of the individual members to express themselves. But when things become repetitive on every motion, then I'm going to be clamping down.

Ms. Lisa M. Thompson: Well, that was a new one. Come on, Chair. That was a new one.

The Chair (Mr. Grant Crack): That's why I was giving you a little bit more leniency. However, please wrap up and stay focused on the motion.

Ms. Lisa M. Thompson: Okay.

Before I was cut off, I was going to respectfully ask yet again for a more fulsome explanation as to why this particular amendment is necessary.

The Chair (Mr. Grant Crack): Thank you very much. Any further discussion? Mr. McDonell.

Mr. Jim McDonell: I was somewhat concerned about who does the inspections. Under our law, basically police

officers have the ability to seize—it's not specifically like that, but I have some concerns that this really opens the door.

You've got to remember that when we have companies looking to operate in Ontario, they have to deal with a cap-and-trade deal that our neighbours to the south don't have to deal with. Most of our competitors in the automotive industry—the vast majority, almost all our industries are not facing competition from California or Quebec, they're facing competition from the other 49. We want to make sure that the legislation that goes through is not going to limit somebody's outlook as far as whether they should want to set up new business in Ontario.

We all know that we have the highest increasing energy rates in the continent, and that's already chased away a number of our employers. Cap-and-trade, which is going to put another tax on energy, has got to be an issue, because it's a tax on an increased cost. Again, I think that by jumping ahead of our competitors, we've got a problem here. Trying to convince entrepreneurs that we would like to see in this province that Ontario is still a good place to come to gets tougher and tougher when they look at the cost of doing business up here and the forms of regulation and red tape. I've already seen this type of thing in the manufacturing and fabrication industry.

Quite frankly, as I was told by one of my constituents, they no longer do work for Ontario companies because they're tired of the inspection and the techniques that are used, which are not used anywhere else in Canada, in none of the other provinces and none of the states. Accepted, accredited procedures that are accepted all over the world are not accepted in Ontario. It puts that level of uncertainty—when you're investing millions of dollars, and sometimes billions, if you look at some of the pipeline initiatives across this country, if you're taking a risk, any CAO is charged with making sure that they limit that as much as possible. Unfortunately, we're making it so that a way to limit it is to do business elsewhere.

I've always had a concern about moving this bill ahead of our competitors, not working with them to make sure that we have a plan in place that, basically, all of our manufacturing competitors have to work with. We're doing something ahead of time. We're doing something that is unique, essentially, to the US and Canada. I mean, California is a very nice state, but it is one of 49. The other 49 states are not using this method and another eight provinces aren't using it. We have Quebec coming into this, which has a huge supply of hydro-based electricity, so that gives them a huge advantage.

We're not quite sure whether inside this bill, with the way it's amended—has the government given them a favourable advantage over us just to get this bill off the table quickly and into the House? We see 70-some amendments, a pile of them here. I guess the government is upset that it's taking a long time to go through them, but I've never seen as many amendments on any other

bill, and I've sat on a number of them. I've seen one or two, maybe three on the outside, but 70 is certainly the exception.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 32.10.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. I shall call the vote.

Ayes

Hoggarth, Martins, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare government motion 32.10 carried.

There is that one amendment that just carried to section 42. Any discussion on section 42, as amended? There being none, I shall call the vote on section 42.

Shall section 42, as amended, carry? Those in favour? Those opposed? I declare section 42, as amended, carried.

Ms. Hoggarth.

Ms. Ann Hoggarth: Is it possible that we could bundle those since none of them are amended?

The Chair (Mr. Grant Crack): Is it the will of the committee to bundle these four sections? I heard a no.

We shall move to section 43. Any discussion on section 43? There being none, I shall call the vote. Mr. McDonell.

Mr. Jim McDonell: I just have a concern. I see the power of force and the requesting of police assistance. I don't see in 42 where it referenced the fact that you would have to be a provincial police officer to seize, and so I wonder, when it comes in here—I mean, we have great respect for our police force and we would like to see, when you're seizing property, that people who are trained, such as our provincial officers or the RCMP that have jurisdiction in some places in Canada, have the ability, or we would require their assistance. I'm glad to see they have it here, but I'm just worried that it's not carried through in some of the other sections.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall then call the vote on section 43.

Shall section 43 carry? Those in favour? Opposed? There being none, I declare section 43 carried.

We shall move to section 44. Any discussion on section 44? Ms. Thompson.

Ms. Lisa M. Thompson: Subsection 44(1) reads, "On request, a provincial officer who exercises a power under this act shall identify himself or herself as a provincial officer either by the production of a copy of his or her appointment or in some other manner and shall explain the purpose of the exercise of the power." I would really appreciate it if the government could explain what they mean specifically by "production of a copy" in terms of his or her appointment.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Given that this government still tends to be muzzled for whatever reason, I was wondering if legislative counsel could offer an explanation or an example of what is meant in section 44, "production of a copy."

1630

The Chair (Mr. Grant Crack): Ms. Hopkins?

Ms. Laura Hopkins: The section of the bill, section 70, which allows the minister to designate people as provincial officers—the designation is sometimes referred to as an appointment, and usually the appointment is made in writing. The reference to a copy of an appointment is a reference to the document that displays the minister's designation of the provincial officer.

Is that all right? Okay.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Just to clarify, legislative counsel, in reference to the materials in front of her, said that it's a written appointment, if you will. We're obviously looking at an extensive amount of legislation dedicated to enforcement. What is to preclude fraud in this particular instance? If somebody wanted to find out exactly what another business was up to, how could they protect businesses in Ontario from someone just coming up with what looks to be an official piece of documentation? How can they protect themselves from making sure that, in itself, is not a fraudulent piece of documentation?

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: On that line, generally, the public is very familiar with certain types of identification. There's no indication that there would be a standard document or a standard card. People certainly understand our police force, the cars and their uniforms, but there is that distress when you have somebody coming up and flashing some type of card that is not standard. We think that if you're going to go this route, somewhere in the legislation we should talk about some standardized identification so that companies are—we have a lot of proprietary information technologies. We want to make sure that if it's going to get the eyes of somebody, it's somebody who's authorized and somebody who's bonded, so that information is not all of a sudden appearing on their competitors' floors, some technology they're using to produce a product.

We do talk about the new technology of the new age. I think of the words "smart technology"; there's smart manufacturing. That requires the latest technology. We want to make sure that those companies feel secure, because if not, again, we're competing against jurisdictions where, really, I hear many times—in a region where you have companies advertising in the newspaper and the radio, "Come on over to New York state. We're happy to have you. We have a feeling that you're not welcome at home"—they're very much welcoming these businesses.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on section 44.

Shall section 44 carry? Those in favour? Those opposed? I declare section 44 carried.

I shall move to section 45. Any discussion on section 45? Ms. Thompson.

Ms. Lisa M. Thompson: For the record, subsection 45(1) reads, “Where a justice is satisfied, on evidence under oath by a provincial officer, that there is reasonable ground for believing that it is appropriate for the administration of this act or the regulations or to protect property, the justice may issue an order prohibiting entry into all or part of any land or place or prohibiting the use of, interference with, disruption of, or destruction of any thing.”

When I was reviewing this particular section, gas plants screamed out at me, which I’m sure you can appreciate. Some people are saying, “What?” so I’ll go back and revisit what it particularly said: “The justice may issue an order prohibiting entry into all or part of any land or place or prohibiting the use of, interference with, disruption of, or destruction of any thing.” You can’t help but think of the emails that were purposely destroyed to try and hide any evidence of the gas plant scandal.

I think it’s an interesting point here under subsection 45(1) that this government is actually identifying that this could happen. Again, I need to repeat my concern under section 44 that was just totally ignored by the government: that we need to be very mindful of what a provincial officer is allowed to go in, because again, as we know, as we’ve read in Hansard with regard to the gas plants that were reviewed in the estimates committee, there was an individual who was allowed access to a very secure area within Queen’s Park. It shouldn’t be allowed. How did that person get access to the most secure office in Queen’s Park?

We, and I would think all of us here, serving Ontarians, should be very cognizant of this government, which is trying to tighten things up on one hand but leave things very loosey-goosey on the other. I think some more thorough discussion should be had around exactly who the provincial officer should be.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: Yes. My colleague here brings up a good point. In that case there, I’m not sure of the credentials the computer expert had, but he certainly had the direction from members of the government.

Ms. Lisa M. Thompson: How’d he get in?

Mr. Jim McDonell: He had 30 days that he was allowed to walk through and delete records, destroy records. Obviously his defence is that he had authority from somebody within the government to do this work—

The Chair (Mr. Grant Crack): Mr. McDonell, I would ask you—and I’ve made it clear previously that we stay focused on this as we continue to move forward.

Mr. Jim McDonell: We’re talking about provincial officers, somehow identifying just who they are, their accreditation, and proof of what they’re doing. There’s a case that’s well documented now where we could see this go wrong unless it’s done right. Sometimes a supposed order from just anybody is not reason enough for information and evidence to be destroyed.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call the vote on section 45.

Shall section 45 carry? I declare section 45 carried.

We shall move to section 46. Any discussion on section 46? Ms. Thompson.

Ms. Lisa M. Thompson: Again, we’re not going to let these sections slip by without expressing our absolute concern over a provincial officer and how they’re defined and selected, because this is going to be a piece of legislation that is going to impact Ontario for decades. It’s interesting that under clauses 46(1)(a) and (b), it reads:

“(a) it is appropriate for the provincial officer to do anything set out in subsection 39(1) or (4) for the purpose of determining any person’s compliance with requirements imposed under this act; and

“(b) the provincial officer may not be able to carry out his or her duties effectively without an order under this section because,

“(i) no occupier is present to grant access to a place that is locked or otherwise inaccessible”—again, this shouts out gas plant concerns.

“(ii) a person has prevented or may prevent the provincial officer from doing anything set out in subsection 39(1) or (4),

“(iii) it is impractical, because of the remoteness of the place to be inspected or for any other reason, for a provincial officer to obtain an order under this section without delay if access is denied, or

“(iv) an attempt by a provincial officer to do anything set out in subsection 39(1) or (4) might not achieve its purpose without the order; or

“(c) a person is refusing or is likely to refuse to respond to reasonable inquiries.”

1640

The little sidebar is: Isn’t it rather rich that even this government has muzzled its officials today and that they’re refusing to respond to our reasonable inquiries just this afternoon alone?

Overall, with regard to provincial officers: It is a grave concern of ours that, based on how this government has performed and based on what we know they have done which has been inappropriate—I look to my colleague here—I just don’t trust this government to get it right, be it the gas plant scandals or be it allowing a person off the street to access very secure areas of Queen’s Park. How are we going to ensure that provincial officers appointed under this government are going to do the appropriate duties to ensure that people are complying with a scheme that is doing nothing but generating dollars for a slush fund?

There are grave concerns about every single aspect of this particular bill, Bill 172. I’m sure, had we been able to allow more deputations, as opposed to being restricted to two days only, some of this would have come up in discussion.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: It’s interesting when you go back. It talks about 39(1) and 39(4). Subsection 39(1)

talks about the officer having concern about a place containing records and the destruction of such records.

I know that you would think that would stop such a destruction of, say, computer records or paper records, but, of course, it is already against the law in the House to do that type of thing, but we know that has occurred. So far, we have somebody who has agreed to be the person who performed that action, but the question really becomes, who gave him the authority or who told him to do it?

I'm just a little concerned. If those things go on, you want to make sure that if we're going to go in and strong-arm our way in, it's authorized. Really, not only does it protect the records that are there, which would be required for prosecution, but it is also set up so it protects the confidentiality of the records so that nobody benefits from the release of any information that could harm the company that is there.

It is something that is of concern, and we want to make sure that all of the issues are covered.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much, Chair.

People should not be surprised that we're skeptical of this. We have undertaken hours and hours of our own consultations and meetings with stakeholders.

I think it's important to put on the record that even past finance ministers of this particular government are skeptical of the path that this particular Liberal government has chosen.

During second reading debate, I referenced this particular piece of information, and I'd like to go back and revisit it again. That is, specifically, quoting the former finance minister of the Liberal government, Greg Sorbara: "Until I see that evidence, I have to be a little bit skeptical about the whole scheme."

Well, Chair, we echo his concern, other than it's going to bring a lot of new money into this government. That's why we feel it's very important to take time. We didn't want to bundle sections 42 through 46. We need to exercise our right to draw people's attention to areas within this piece of legislation that are cause for concern.

Again, I think it was just an attempt to glaze over another area when the member opposite suggested that we bundle sections 42, 43, 44, 45 and 46, just to gloss over and expedite particular pieces of this legislation that should be talked about in a very serious light.

I appreciate your willingness to allow us to share our perspectives and our concerns.

The Chair (Mr. Grant Crack): You're welcome. Mr. McDonell?

Mr. Jim McDonell: I'll try to condense this down. I certainly don't want to take up too much of the committee's time. But climate change is very serious and we need a credible plan. It's such a serious occasion that this government promised they would not increase taxes on gas or home heating in the last election, but obviously, from what we heard today from the Minister of the En-

vironment and Climate Change, this was the plan all along, because they've been working on it for more than two years.

Being that it was not an election issue and the people did not have a chance to speak on it, it's up to us to make sure that we look at and consider carefully all the aspects of this bill. If we go back, the former PC government started the initiative to close the coal plants—

Interjections.

The Chair (Mr. Grant Crack): Order, please. Excuse me, Mr. McDonell.

The back-and-forth is causing me some concern as I am having a very hard time listening to Mr. McDonell, who is within four to five feet of my left ear, and that's my good ear.

If you could continue, Mr. McDonell, that would be much appreciated.

Mr. Jim McDonell: I want to thank you for that, Chair, because it is hard to speak when you've got people—no matter how close they are to you—being loud and belligerent.

Mr. Lou Rinaldi: Oh, come on, Jim.

Mr. Jim McDonell: I mean that lightly.

To go back, I was mentioning that the PC government saw that carbon was an issue. Elizabeth Witmer, in her role, started the closure of the coal plants. It was a project I know the government had promised to have done by 2007—a reasonable approach—and, knowing it couldn't happen, didn't commit to that. Of course, we only saw the completion in 2014-15.

Our plan would not have involved the closing of an industry to make it happen. We would like to have seen Ontario grow and really look at alternative energies that were required to meet our growth. But, unfortunately, we see our requirement for energy actually significantly lower than it was in 2003. We like to think that whatever we put in—this is another tax—we want to make sure that the tax deals with growth, not just by closing our manufacturers down. We want to make sure that, at the end, our manufacturers have the confidence that the plan we're putting in place is well thought out and that it's actually practical in its enforcement.

We've seen cap-and-trade legislation in many modern economies, such as Europe, fail because it wasn't well thought out and wasn't put in place. We have an example there of a cap-and-trade system that failed. We should be able to learn from that. I don't think there's any argument that essentially every government on this planet wants to see the climate change effects created by man reduced. We hear that all the time, what with Paris. We know that China is working actively on it—more from the case that they're running out of an environment or an atmosphere that their own citizens can survive in. They're walking around with surgical masks.

If you're going to make an impact, one thing is for sure: Climates cross borders. That's why we'd like to see us be a leader and actually work with our American cousins and neighbours to work in lockstep in putting a system in place that's going to work. It's very hard when

you're talking of three out of 60 jurisdictions working on a plan that's going to save the continent, let alone the planet. We need to be more of a leader in really coming up with—whether the democratic government in place today and whatever government is there later on in the year, to make sure we have something that people can't just skirt across borders and that the offenders are actually reduced. The people who are doing good work should be recognized for their work, both publicly but also economically so that if they do the work and do their due diligence to make sure that they're falling within the overall direction that the world wants to take us, they are actually able to perform economically, retain a market and stay in business.

1650

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There is no further discussion on section 46. I shall call for the vote.

Those in favour of section 46 carrying? I declare section 46 carried.

Enforcement: On section 47, government motion 32.11, which is an amendment to subsection 47(1), Mr. Potts.

Mr. Arthur Potts: I move that subsection 47(1) of the bill be amended by adding “except in the case of a failure to comply with the requirement set out in paragraph 2 of subsection 14(7)” at the end.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: As we mentioned before, Bill 172 is very much a punitive bill—incredibly so, actually. This government may want to pass this particular amendment off as being only technical; I would suggest to you that it means a lot more. In Ontario, companies are already being punished. Be it global adjustment, be it continued hikes in hydro rates, be it the astronomical ways this government nickels and dimes every step they take to try and meet their business goals and keep people employed, the fact of the matter is that this bill is going to see companies punished for failing to meet their allowance targets and it screams out that they should not be further convicted of an offence under this proposed act.

This is only one fix. Ladies and gentlemen of government across the room here, note that this is a huge, comprehensive bill and what you're proposing is only one fix. There is an absolute liability for administrative contraventions, and companies will need to walk on eggshells—eggshells. As I said, they are already dealing with the impact of your global adjustment, they're already dealing with the fact that Ontario has the highest electricity rates in North America, and they're already dealing with the fact that there are jurisdictions setting up economic development offices ready to lure and attract them and draw them out of this province into their own jurisdictions. They shouldn't have to feel that they should be walking on eggshells out of fear of making mistakes.

While, as Conservatives, we agree that there should be penalties for the fraud, market manipulation and corrup-

tion that cap-and-trade is known for, we believe prevention is the best way to combat these offences. Again, we know that the cap-and-trade scheme in Europe was absolutely fraught with fraud and with gaming. Ultimately, it was ill-conceived—so much so that the ceilings were too high and the prices were too low. It didn't work, any which way you looked at it.

It's interesting that this government in Ontario today is trying to absolutely burden with red tape and come down heavy on enforcement, all the while forgetting that prevention in the first place would be the best way to combat all of these offences. The best preventive measure—and please take this to heart—is not to set up cap-and-trade in the first place.

Chair, we've seen this government backtrack on its daycare initiatives, just as recently as last week. Again, most recently, we've seen this government backtrack on the manner in which they were going to make seniors pay more for their prescription drugs. We've seen this government backtrack and hit the pause button on the ORPP. We have seen this government backtrack on their land transfer taxes. The list goes on and on and on. This is the government of backtracking.

We want to encourage the people across the hall to go back to your caucus room and go back to your ministers that you work with and say, “You know what? It's not too late to backtrack on the ill-conceived Bill 172.” It's not too late to backtrack on the most horrific piece of legislation that Ontario will ever see, that makes the cost of everything go through the roof.

Ontario would be far better-served with a revenue-neutral plan, whereby taxpayers and businesses alike are protected and encouraged to grow their businesses. Really, Chair, as you know, a revenue-neutral plan could be and would be much simpler for industries to follow.

What do farmers look for in Ontario? What do businesses look for in Ontario? They look for sustainability—

Interjection.

Ms. Lisa M. Thompson: —certainty; my colleague from Stormont–Dundas–South Glengarry said certainty, and I certainly agree with him. They're looking for predictability. They're looking for stability. They're looking for bankability. This cap-and-trade scheme that this government has dreamt up is doing nothing to support that.

Cap-and-trade, on the other hand, is costly and fraught with risk. As my colleague was alluding to earlier, what is going to be the end result of this? It's going to be that Ontario won't be open for business. They're going to be closed because people are going to pass Ontario by, getting out of this province as quickly as possible, to jurisdictions that are giving them breaks on their taxes; giving them breaks on their electricity rates; welcoming them and helping them realize their dreams, as opposed to finding every which way to generate more dollars out of their pockets to cover off for a mismanaged government.

It's an interesting time that we have here. This particular government motion for subsection 47(1) is just

another example where companies who fail to report emission allowances on time—they are already forced to pay three times the number of additional emissions compared to their shortfall.

You're doing nothing but creating a long list of companies wanting to get the heck out of Ontario, and you're just increasing the cost of doing business. That's it; that's all.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm just noting that, in three hours, we've got five technical amendments adopted and two substantive, but not too controversial, ones—in three hours. I just want the members of committee to appreciate that others are now starting to take notice. I just got a copy of the Queen's Park update, and it's very clear that at a preliminary—it says right here:

"An April 11 committee hearing on the bill began at 2:02 p.m. and adjourned at 5:47 p.m. In that three-hour-and-47-minute span, the committee recessed four times, for nearly an hour. All of the recesses were at the request of PC MPPs. Moreover, during an April 13 committee meeting, a lawyer from the Ministry of the Environment and Climate Change was called on several times to provide clarification, slowing down the proceedings.

"The committee met again on Monday"—which is today—"to discuss Bill 172, and recessed for 20 minutes after a half-hour of work...."

Of course, this is all allowed under the rules, but it's very clear that at this rate, we have at least another four or five days of this bluster and filibustering. It's really quite surprising. I wish your constituents—I hope they do read Hansard and they can see how you're wasting this committee's time.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: Thank you for that. I guess one thing that was not mentioned is that we had lawyers called in, but not allowed to speak. That's a little concerning. We're putting through legislation.

I have a constituent of mine who actually works—a major part of his business is in the province of Quebec. He talks about meeting the cap-and-trade—they obviously started before we did—and large, huge amounts of money being written out to companies in California, to the California government, for offsets, to be able to function under this bill. That's money that's leaving this country; it's resources; it's looking at another export. Money is not good to export. It adds to your deficit and your trade balance. What are they getting for it? Artificial credits. If we were paying our own Ontario government, that'd be one thing. He talked about the administration, the number of people they hired—lawyers, accountants—to put this in place, because the legislation is so complicated. The legislation he's talking about is this legislation. So there's somebody that will be affected, again, by the Ontario portion of what he's doing. He also has stations in New York state; he won't be impacted there.

So what's next? Move your head office over there? We've seen Xstrata, a company in Timmins—600 jobs

moved east just because of the rate of increase of electricity they've seen in Ontario. There was more certainty if they moved to Quebec, on the energy side, so they moved. There are 600 employees—their wages and their taxes that are paid that have been lost to this province. So we are concerned.

1700

I know they talk about some of the enforcing and penalties. Now, this bill already penalizes based on performance. To go after somebody, unless it's—I guess they give this as examples of serious penalties such as fraud or market stipulation or corruption. I'm not sure why we would look at this as being a key part of this bill. My understanding of cap-and-trade was that you penalize them economically.

In a capitalist system, of course, you want to make sure that you're able to make a profit; if you don't, you're not in business. By making it more expensive, it starts to bring along a better initiative to conduct your processes in a more economical way so that you can maximize profit and eliminate loss. Of course, now you're saying that the system, which is designed that way—it's not designed to lay charges or to send people to jail for not meeting their targets.

Companies start off at different locations and with different technologies; it sometimes takes years to make those changes without going bankrupt. It should be our goal to keep our companies healthy, allow them to modify their processes so that they can stay in business and, down the road—actually, through their investment in infrastructure, because there's no question that they will be investing in infrastructure if they're going to meet these goals—turn around and be good corporate citizens who pay good property taxes and hire many employees who pay income taxes back to the province.

We don't need to escalate the number of people who are demanding social services in this province. There's nothing better for people than a good job. We see that a lot of these things—because of the timing, because of the way we're moving ahead of some of our neighbours to the south—are going to put the ability for them to stay in business in question. We saw more than 300,000 manufacturing jobs leave this province, in a country that was built on manufacturing, that was the envy of the country and the envy in North America. We used to be the number one car manufacturing jurisdiction. I know a couple of years ago we were down to number three and declining quickly.

It's legislation like this that has jumped in, hastily done. We see no shortage of amendments, and we see our stakeholders are concerned. They come in and they talk very freely on this bill, the few that had the opportunity. Then they sit down, and it's almost like there are controversial sections now being added that they didn't want to have public scrutiny on during the chance for deputations.

So we are concerned, and we are looking at every little piece of legislation here and we want to make sure, at least within our capabilities as the official opposition, to point out as many of the problems that we can see. I

know the government doesn't always listen, maybe it's a tendency that we're seeing far too often, but we think the people of Ontario deserve better.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: I appreciate the comments from my colleague from Stormont-Dundas-South Gengarry. He caused me to reflect back, and while this particular amendment is going to be touted by this government as being "technical," we need to recognize that this technical amendment is essentially an excuse to monetize the environment in the spirit of protecting the environment. I think that is an absolute reason to give pause and reflect on this.

I'm sure that just the like the member from the third party did in doing his due diligence—there were a number of seminars hosted in the winter of 2015, and time and time again, the overwhelming response during those government consultations on climate change, the common consensus, was that we needed to move towards something like a price on carbon, like a carbon tax, because it was easy. It was transparent. It was easy to account for.

Here we are moving forward with all these amendments on a piece of legislation that is going to change the landscape. Essentially, as I said before, they have used the goodwill that people have in terms of their concern for the environment to create a brand new financial market. During our briefings, it was specifically said: "This is a new financial market." I am very concerned that, in that light alone, they rushed Bill 172.

They have come forward with over 70 amendments. I think it's an absolute travesty that so much of the government's own legislation has to be corrected in committee. Therefore, people watching the committee or looking at Hansard need to know that we're representing their best interests.

In the spirit of punitive initiatives, there should be some reflection on the fact that we need to hold this government to account. While those winter workshops or facilitations were happening across Ontario during the winter of 2015, I saw Minister Murray in Peru, which was the global initiative that was pulled together to discuss climate change in 2014. He actually said, and we have it on tape, that: "It's going to be cap-and-trade."

Here, in late 2014, when Minister Murray is in Peru wanting to address climate change, he has already pulled the rug out from under Ontarians because he's on record as saying it's going to be climate change. Meanwhile, he instructs his ministry to facilitate what I would then call bogus consultations, because the majority of those people—because I attended four or five out of seven—wanted a carbon tax. To that, I say shame on this government and shame on them for rushing through this piece of legislation that has, by their own hand, had to be improved by 70 of their own amendments.

Again, this particular amendment, subsection—

Ms. Ann Hoggarth: Point of order, Chair.

The Chair (Mr. Grant Crack): Sorry, Ms. Thompson.

Point of order: Ms. Hoggarth?

Ms. Ann Hoggarth: What's being said over there has nothing to do with the amendment.

The Chair (Mr. Grant Crack): Thank you for the point of order, but she was getting back to talk about the amendment, so I'll allow her to continue. But I will be monitoring very closely, Ms. Thompson.

Ms. Lisa M. Thompson: Thank you, Chair. So, subsection 47(1) of the bill: "I move that subsection 47(1) of the bill be amended by adding 'except in the case of a failure to comply with the requirement set out in paragraph 2 of subsection 14(7)' at the end." This particular amendment probably deserves some more thought. It's an interesting one to bring forward.

I think we'll leave it at that at this time.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Walker?

Mr. Bill Walker: Thank you very much—I almost called you "Mr. Speaker" again—Mr. Chair. It's a pleasure to be back again and important to be able to get my constituents' concerns and stakeholders' concerns on the record. This is certainly one of those opportunities for me to do that and—

Interjections.

Mr. Bill Walker: I want to make sure that the government is listening to me. I'm told by my mother many years ago that you can't hear when you're talking. I think I have the floor and I think I'll—

Interjections.

The Chair (Mr. Grant Crack): Excuse me. To my right—thank you.

Mr. Walker.

Mr. Bill Walker: Thank you, Mr. Chair. It's interesting; when I was here a couple of hours ago, they wouldn't say a word. They wouldn't give me an answer. Now they're trying to talk me down before I can even ask them—a fairly, I think, reasonable expectation that they would actually listen to what I had to say and try to provide a rational response to some of their thoughts.

1710

When we're looking at this bill, Mr. Speaker, I want to say, on the record, that as Conservatives, we certainly agree there must be serious penalties for fraud, market manipulation and corruption. We have certainly heard about that and I get asked in my riding on a very regular basis, because people have read things like auditors who recently warned that the EU's emissions trading system remains at risk of future scams after they discovered a massive tax fraud amounting to a loss of €5 billion.

Mr. Speaker, those are credible questions. We need to make sure we are protecting our systems from that. The fact of the matter is that the word "scheme" was used by Greg Sorbara, a former member of the party opposite. He goes on to say that there are a lot of challenges with this and acknowledged that Kathleen Wynne's cap-and-trade is nothing more than a new tax to generate money for the government. He admitted that "There's no evidence, anywhere in the world, that the cap-and-trade ... actually does work ... to significantly reduce carbon emissions."

He continued, "Until I see that evidence, I have to be a little bit skeptical about the whole scheme," other than it's going to bring a lot of new money into the government.

Ontarians know that the Liberals' cap-and-trade scheme is just about the money, not the environment. Businesses are asking me those questions. They have a fear of making mistakes and being unduly penalized for something because, again, of the 70 amendments to their own legislation. They can try to hide behind their "they are just technical motions" but when I've asked about other substantive ones, I don't seem to get much response, which again leads me to be concerned on behalf of those constituents who are equally concerned and who are asking me very pertinent questions and very direct questions.

It's very challenging to be put in a position in my riding to try to answer questions that I am given by my constituents, on behalf of the government, and they won't even give us answers and clarification when we ask for them. We have asked about many points in here today.

These businesses are concerned about increased costs due to this scheme. It's another tax that there's no guarantee, and I brought this up earlier, that the Auditor General and/or the Financial Accountability Officer will have any ability—in fact, they've written those out of the ability—to have oversight. Again, people are very skeptical and concerned.

Now we have a penalty side that they're very skeptical and concerned about. The onerous responsibility for something that, again, I can't overstate—70 amendments to their own piece of legislation, Mr. Chair.

We believe that at the end of the day prevention is the best way to combat these offences, and the best preventive measure is to not set up cap-and-trade in the first place—if you can't totally define it, if you don't exactly know what's going to happen with those details, and you put doubt and fear in the minds of people, when you have companies coming and saying, "Why would we come here if you're going to put us through this?"

We already have a challenge with all the other things, like increased hydro rates that have quadrupled under the tenure of the Liberal government. They are already challenged. We're adding the ORPP, which is going to add another cost to business. And now we're going back to—

The Chair (Mr. Grant Crack): Mr. Walker, I apologize. I'm going to interrupt you. I did make reference earlier, during your absence, that I'm asking members to speak specifically to the motion at hand, the amendment that is being proposed, and that I'm clamping down on the repetition that I've already heard on numerous occasions here. I'm trying to encourage the members to stay focused on the amendment at hand.

Continue, please.

Mr. Bill Walker: Thank you, Mr. Chair, and I apologize. I obviously wasn't here before so I missed that point of clarification but I will try my best to stay within the realm of what we're doing here.

Part of my challenge, sadly, to have to repeat my question, is when I've actually asked openly to be able to give an answer and they just either skirt by it or they throw back their—it was like question period a little bit. I asked a question and they talked way over here, so I had to unfortunately repeat some of my concerns and challenges. I don't do that very—

The Chair (Mr. Grant Crack): Let's go to the amendment, Mr. Walker, and thank you for clarifying your position.

Mr. Bill Walker: Again, the concern is that these companies have a fear that they're going to have a failure to comply with the requirement and we just want some clarification on that, Mr. Speaker. We want to make sure, on behalf of these companies—this isn't just us sitting here in committee. This is us asking very legitimate, pertinent—

Ms. Lisa M. Thompson: It's a brand new financial market they're creating.

Mr. Bill Walker: Absolutely. These companies have the lives of their employees at stake so they want to better understand what they're actually entering into. If they are going to enter into an agreement, to a contract that is going to totally impact—

Interjection.

Mr. Bill Walker: Excuse me?

Mrs. Cristina Martins: I was just saying that—

Mr. Bill Walker: I know. I think I have the floor, though. If I could—

The Chair (Mr. Grant Crack): Okay, just wait.

Mr. Bill Walker: I think I have the floor. I don't interrupt you when you're speaking, so thank you very much.

The Chair (Mr. Grant Crack): Okay, Mr. Walker, speak through the Chair, please.

Mr. Bill Walker: Mr. Chair, thank you very much for bringing this back to order.

The Chair (Mr. Grant Crack): You're welcome.

Mr. Bill Walker: I'm trying to get through this as quickly as I can and ensure that the government knows where I'm coming from. It's very distracting to have members in committee heckling and trying to talk over me.

Mr. Speaker, at the end of the day, we're bringing valid concerns by the government. We believe that there need to be serious penalties for fraud, market manipulation and corruption. Those are concerns that are out there in the public, and we want to make sure, as we're going through these types of amendments, that we're addressing those. As I stated, we believe prevention is the best way to combat these offences, and the best preventive measure is to not set up cap-and-trade in the first place.

This amendment—I just want to make sure, again, that we're not putting undue administration and duplication into the process.

Thank you, Mr. Chair.

The Chair (Mr. Grant Crack): Thank you very much. Any further discussion? Mr. McDonnell.

Mr. Jim McDonell: I thank Mr. Walker for bringing up some points. We talked earlier about the certainty that needs to be in legislation. We are a little disappointed when we see a government that talked about consulting and came up with a plan that was the result of that consultation. We know that their biggest cheerleader likes to get out there and brag about how the decision was made well before consultation even started.

It does create some red flags for us. We want to know that the people of Ontario, and the businesses that spoke, were listened to. It's not just the corporations. It's the people who work there, the people who rely on them for their livelihood.

We are the province with the highest percentage of people on minimum wage—not something that we ever had before. I guess that's another glowing achievement of this government, but it's not something that we want to see continue.

We think that we have to put some strong rules in place. I know that industry, and the population as a whole, would rather see a tax on carbon. Let people, by their own means, look at how they can bring their use of carbon down. Let them make economic decisions through some well-crafted legislation that would encourage that. We chose not to do that. We chose just to make life a lot more expensive in Ontario. We're going to see even more people have trouble.

Of course, you can't take tax dollars. The top economists in the world will say that when you do that, there's less employment.

One of the merits of a communist system is that you can make these decisions, and it really doesn't impact what you're producing, because everything is paid for anyway by the state. But we know that everybody who has gone through those types of regimes has fought to get out of them—us being one of them, if you go back long enough, many centuries.

We want to make sure our democracy and our capitalist system is healthy and can compete and give us the best standard of living that's possible. We're certainly dropping a few slots, as we're seeing over the years, but there's no reason to think that this is a new initiative that the planet is embracing. I think we should be more in lockstep with the companies.

We know that a majority, or a good percentage, of the states in the US are challenging this in court and do not want to move ahead. So I'm not sure what benefits we're going to have when we only produce less than one half of 1% of the carbon in the world, whereas our neighbour to the south is dozens of times more there in the producing of carbon.

We're going to bankrupt our facilities here. When a real plan comes out and the planet really gets around to something, we'll be cutting wood to heat our houses, because we can't afford the fuel.

Ms. Lisa M. Thompson: They'll find a way to tax that too. They're looking at that now.

Mr. Jim McDonell: Yes.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Walker had his hand up.

Mr. Bill Walker: One other point that I've been asked to bring to the table, as we're debating this and going through the clause-by-clause review is, under Bill 172, the Liberals designed the cap-and-trade scheme, set the rules, selected the participants—

The Chair (Mr. Grant Crack): Mr. Walker, does that have anything to do with the penalties?

Mr. Bill Walker: The clause? Yes, definitely.

The Chair (Mr. Grant Crack): Okay.

Mr. Bill Walker: The concern is that they select the participants, appoint the officials, and of course, pick the winners and losers.

But to stop industry opposition—and there are companies out there that are going to be definitely impacted on both sides of the ledger here, Mr. Speaker, particularly the targeting of the natural gas and petroleum industries with excessive new compliance costs. We're very concerned about what this subsection and the amendment would be—"except in the case of a failure to comply with the requirement set out in paragraph 2 of subsection 14(7)...." We need to understand again a little bit further what the realities of that exception would be.

These companies are very concerned about the game that they're going to enter into, and they are looking over their shoulder all the time. I said earlier in my remarks that the fear of making a mistake and being penalized—that's a very legitimate thing that I think we have to make sure is addressed here.

1720

These new costs will be passed on to consumers and businesses through higher prices for gas, diesel and propane heat. We need to protect those interests, Mr. Speaker. It's one thing to say we're going to put in cap-and-trade and we're going to save the climate and save the environment, but at the end of the day we also have to make sure that we are protecting the actual people who are going to pay the freight on all of these types of things.

When I walk into these committees and do clause-by-clause, it's so that I can have a better understanding, so when I make my final vote, I've had the ability to ask the government why. Maybe I misinterpreted what their intent was. Maybe I haven't been able, because in some cases they haven't answered in an articulate, concise, clear way, or in fact sometimes they haven't even had the courtesy to answer.

So it's very challenging when we see things—and that's why we do clause-by-clause. When I stand up and put my hand up to say yea or nay, I've done my job. I'm educated and aware of every part of the legislation, so that I can make a good, informed decision.

Interjection.

The Chair (Mr. Grant Crack): Thank you. Is there a point of order? Ms. Martins.

Mrs. Cristina Martins: No, Mr. Chair. Thank you. I believe the speaker has now stopped and we can continue with the debate at hand.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Thompson.

Ms. Lisa M. Thompson: You know, it's interesting, because this particular amendment references and impacts how this government is going to enforce from a punitive perspective their legislation on Ontario businesses. It's galling, actually, to hear them come back and thrust at us that we're just playing games. We're doing our due diligence.

It's interesting that just today in QP Briefing—some people are watching, they're listening and they're taking a look at Hansard, and people understand that we're doing our due diligence. We're taking time with each and every amendment because of "the Liberal government's shoddy work in drafting the legislation." That's what it says right in QP Briefing today.

Further to that, relevant to this particular amendment, subsection 47(1): In our briefings we were told that this government is creating a brand new financial market. We deserve every right for drawing to people's attention the fact that the transparency and the usage of the Greenhouse Gas Reduction Account is one of the main points of debate around Bill 172.

We were taken aback a little bit when they wanted to bundle sections 42 to 46. People will understand why we said no, and people will understand why we're taking a sombre look at subsection 47(1)—because let's not forget what the Financial Accountability Officer said during his deputation. Thank goodness he at least got on to the schedule for deputations because, as I said before, the government limited us. We wanted to go for at least three days. They cut us down and restricted us to two days, and there were 49 people who wanted to offer up deputations.

The common thread I might share at this point, Chair, is that they are all feeling this legislation is being rushed through, and therefore, registering for deputations was limited to two days.

But at least, as I said, in recognizing that this bill and this particular amendment are speaking to the brand new financial market that this government is choosing to create because they're cash-strapped—they need a slush fund. They are looking to ram it through, but at least the Financial Accountability Officer, Stephen LeClair, was able to go on record by telling the committee that the legislation as it's currently worded could block him from providing MPPs with information on the fiscal impacts of the bill; namely, the programs being paid for with cap-and-trade cash.

I go on to quote the QP Briefing that came out this afternoon, April 18. It goes on to say, "Funding decisions will be made in secret." That's why we're taking our time here today, ladies and gentlemen. That's why we are looking at every amendment and we wish this government wasn't muzzled, and we wish this government didn't even muzzle their own officials earlier today.

"Funding decisions will be made in secret. Taxpayers will receive no relief, and the Financial Accountability Officer will not have access to spending plans," said Thompson." That was in today's QP Briefing, and that is why we are taking our time, working through and paying our due diligence, subsection by subsection today.

The Chair (Mr. Grant Crack): Mr. McDonnell?

Mr. Jim McDonnell: I have a stakeholder in my riding that had the experience of this same legislation in Quebec. He pleaded with us to stay away from a cap-and-trade scheme. He said, "If I'm going to be paying this kind of money, hiring this many employees, I'd rather put the money into a tax that would have me try to actually reduce carbon but would stay in Ontario and stay in Canada." He talked about huge bills—hundreds of thousands of dollars of cheques being written to California to allow him to buy the offsets that they need up here. That's something that maybe the other petroleum companies are paying in Quebec but they aren't paying south of here. That gets passed back on to the consumer, and everybody knows what happens to that; it means that, on top of the tax, people are paying more. There was a need of keeping it revenue-neutral but keeping it simple.

The member opposite quoted the QP Briefing today, and it talked about the lob question from the Liberal MPP that the Tories haven't got the memo. We are in support of a tax on carbon; our leader was very clear on that, but there's a big difference between the cap-and-trade program that's being proposed by this government and a simple taxing of carbon. Experts around the world are saying that the simpler plan that just gave people and companies or corporations the desire economically to reduce their carbon output was superior to something that's so complicated that you're spending money on artificial quotas allowing you to produce carbon if you buy them somewhere else.

We've seen in Europe that there were some huge scams—fraud—where companies were generating assets and selling them off, to the point that they had to step back from their plan. We see the same thing happening. Cap-and-trade—there's no question—is a very hard system to put in place. Because of that, we see the problems that were fraught in Europe.

We want to make sure that, if they're determined to go this way, at least the question is why we're jumping ahead of our neighbours to the south. I bring this up because we've seen so many of our businesses leave. I've seen even some of our agriculture people in my riding of Stormont–Dundas–South Glengarry move down, purchase land and operate in New York state because they don't have the regulation and the issues they have up here. That's definitely a concern. We're depopulating our area through bad economic policy, as we see in our manufacturing. We want to make sure we limit that.

It is a concern. I did tell my constituent that I would bring up the concerns he has over cap-and-trade, but they're also concerns that everybody else has as well.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Thompson?

Ms. Lisa M. Thompson: I really do appreciate the comments shared by our colleague from Stormont–Dundas–South Glengarry, as I'm sure my colleague from Bruce–Grey–Owen Sound appreciates as well, because, when he refers to the business from Quebec—

Mr. Jim McDonell: An Ontario business that operates in Quebec.

Ms. Lisa M. Thompson: Yes, an Ontario business that operates in Quebec—I really appreciate him sharing that real-life example because all of these punitive measures are scaring Ontario business off.

Given this government's track record, as I mentioned before—in late 2014, Minister Murray is on record, on tape and on video—YouTube—saying in Peru, “We’re going with cap-and-trade.” Meanwhile, this government yet again exercises the facade of consultation in the spirit of hearing from stakeholders. The collective thread, through everything I attended in those consultations, was that people suggested that a carbon tax was the easiest to track and the easiest to understand. This government strung them along. Again, we had a minister in Peru, in late 2014, saying, “We’re going with cap-and-trade,” but instead, they—“they” being the Liberal government of the day—exercised a consultative facade, leading people to believe that they actually could make a difference with input—good people who have taken the time to be heard.

1730

Coming back to this particular amendment, subsection 47(1): When we’re talking about punitive measures, it’s amazing that we are, for lack of a better word, questioned by government because we want to have time to talk about this on behalf of our stakeholders and on behalf of our constituents. They’re slushing it off, like they do every time. But again, that’s the whole theme here: slush, slush fund.

With that, we need to make sure that we do not have punitive measures that scare our Ontario businesses away from a province that once was the economic engine of Canada. More punitive measures equals more red tape, which equals a greater burden, and that’s in addition to the cost of everything going up. You couple that with a government that says one thing when they’re in Peru and follows through and tries to have a facade of proper consultation, all the while knowing that they were going with cap-and-trade. It’s a travesty.

The Chair (Mr. Grant Crack): Ms. Thompson, I’m going to interrupt you there. That’s probably the third or fourth time I’ve heard “Peru.” Your point is well taken.

Ms. Lisa M. Thompson: Okay, good. So you heard it. Good.

The Chair (Mr. Grant Crack): It’s needless repetition. I’m going to be clamping down on it. We are going to move over to Mr. Walker.

Ms. Lisa M. Thompson: Duly noted. I just wanted to make sure that the point was received.

Mr. Bill Walker: Thank you very much, Mr. Chair. One of the points that has also been asked of me to bring to this table is the rushed legislation. I think that isn’t something we can overlook. This is a very substantive, very significant piece of legislation that’s going to have a huge impact on the taxpaying public, on the consumer, and on business and industry, who we believe have not been listened to enough.

One of the things that they’re asking—an open-ended question—is the concern of the cost to defend against being charged with an offence. I’m going to read how it originally was:

“Offences

“47(1) Every person who contravenes or fails to comply with this act or the regulations is guilty of an offence.”

Now, of course, we have the amendment: “I move that subsection 47(1) of the bill be amended by adding ‘except in the case of a failure to comply with the requirement set out in paragraph 2 of subsection 14(7)’ at the end.”

It again speaks to when I was earlier in committee. If you had really done your homework, if you’d really consulted, if you’d really gone through all of the channels and listened to your stakeholders well, you would think that that might have been in there. There are a lot of people who, when they read the way it was in the bill, that you “will” be charged with an offence, are going to have to step back and challenge if they don’t believe that’s rightful, if that’s an actual legal concern that they have. That, again, puts money on the table that they’re going to spend that they’re not now putting into expanding their business and keeping their employees employed.

I think this is a very legitimate concern. We have to be very cautious. It comes back to that rushed legislation. If you brought in and you have 70 amendments—that’s a pretty significant number if you’ve really done the due diligence and worked through. Now I think the fear is that they’re actually just frantically trying to rewrite on the fly so that, again, they can get it out. I think I might have mentioned this earlier, but for those who might have joined us since I was here the last time, the costs that we’re going to be impacted by because they frantically rushed legislation out—and we know. We stood up and said, “We think there is a need. We need to be doing some things.” But we need to be revenue-neutral and not unnecessarily impose more fees onto our businesses, as my colleague from Stormont–Dundas–South Glengarry and my colleague from Huron–Bruce have said. We’re driving businesses out of this great province. We have people who are truly saying, “Why would I continue? Why would I maintain my business? Can I maintain my business? Why would I ever consider expanding when you’re putting obstacles?” This is a big one for people. Because it has been rushed and because there are so many unanswered questions, businesses are very leery of what it really will be if the legislation comes in.

I need to be able to say this one, Mr. Speaker, and I hope that you’ll see the relevance of why I’m trying to compare. The Green Energy Act was sold on a very similar basis: “This is going to be the panacea. It’s going to solve all of our ills. It’s going to definitely be the thing that we need to do.”

What I hear in my riding is that it has added a whole lot of expense. It has added a whole lot of challenge. It hasn’t come anywhere close to the 40,000 or 60,000 jobs

that the government said it would produce. In fact, those aren't even close.

They stripped away the democratic right of local municipalities to make a decision.

Just as recently as a week and a half ago, my colleague from Elgin–Middlesex–London's one community, Dutton Dunwich, said, "I don't want this. I'm not a willing host." The other said, "Bring it on." Guess where they went? They ended up there.

So the skepticism with these types of things, when it's rushed legislation, Mr. Speaker: That's why I'm trying to build the pertinency back into this. I'm trying to draw the parallel that there are a lot of people who are suspect. There are a lot of people who have, I believe, very appropriate and rationalized fears of what this means when it's rushed legislation.

To my colleague's points: We have to, on their behalf, respectfully ask all of the questions and not leave a stone unturned to make sure, because they rushed. Did they forget? Why are they adding these amendments? If they'd really done a thorough, comprehensive job—and they've got lots of people around their tables who are bringing great knowledge to the legislation. So why are we back talking about 70 amendments?

I keep hearing the words—when they'll answer—that it's just a technical language thing. These aren't technical language things, Mr. Speaker. If you're the company that ends up being in non-compliance of a bill that they don't really understand fully to begin with because it has had to be changed on the fly, that's a very definite concern of an employer who has to bear those legal costs.

It's very interesting, Mr. Speaker: In my riding we have a lot of quarries. Those people who are trying to get new quarries are put through extraneous challenges to actually get approval, and those are all very appropriate, but the government keeps adding on. It keeps adding on and there's more cost to be borne. Those people are businesspeople who are coming with similar concerns about what the cost is. What is the fear of making a mistake and being penalized?

I think it's only fair that we bring these points to the government. If they'd like to address them, that would help for us to clarify and perhaps we could speed up the whole process. It's when we get obfuscated, and we're talked over and we're expected to just move on with this—"You're just delaying." No, we're doing what we're sent here by our constituents to do. We're in opposition. Our job is to actually challenge and hold a government to account that frankly needs to be held to account on a lot of issues.

People in my riding say, "Bill, I saw you in question period the other day holding that government to account. You've got a lot to hold them to account for."

This is one of those where we need to be able to come to committee, bring our legitimate concerns on behalf of business and our constituents and ensure we're putting amendments that are good.

Mr. Arthur Potts: Chair, point of order.

The Chair (Mr. Grant Crack): Point of order, Mr. Potts.

Mr. Arthur Potts: The member, who's not even a voting member of this committee, has a right to speak to the amendment. We've reminded the party on the other side numerous times, as have you, Speaker, and I don't know what sanctions you can take. I would ask the Clerk or the counsel to advise what sanctions we can take so that they do not repeatedly abuse privilege and abuse this committee by talking way off topic on all these matters.

The Chair (Mr. Grant Crack): In response to your point of order, I would say that the process is unfolding democratically as per the standing orders of the House and the historic manner in which the Legislative Assembly has operated.

Yes, I would admit, in my own opinion, there is some straying off of the actual amendment, but it seems on occasion that after a little bit of straying, I'm just about to call the individual back to order to focus, and then there is a mention of—

Mr. Arthur Potts: Quarries? Wow.

The Chair (Mr. Grant Crack): Well, I was getting there, Mr. Potts. Your point is well taken. I will remind all members that it is my duty when I determine that there is a needless repetition on specific comments, I will start to interject a little more forcefully than I have in the past.

Do you have any wrap-up questions or comments, Mr. Walker? Then we'll go to Ms. Thompson.

Mr. Bill Walker: Thank you, Mr. Chair. I certainly respect your role and that you are conducting these meetings the way they're intended to be conducted: that we as opposition actually have the right, whether I'm a voting member or not, to be in this room and express the concerns raised to me by my own constituents and those who might be stakeholders who come to me from outside of my constituency.

I'm not going to apologize to the member across the floor, who seems to want to always just be able to steam-roll, as this government does—it's their way or the highway; "we know better." The job of me is to hold them to account. I believe you do an exceptional job of ensuring that we stay within the bounds. I've tried to bring relevance, and I've tried to paint a picture for those people at home who may not live in what we refer to as "the bubble" here in Parliament—and all the discussions we have. The people out there listening or reading Hansard don't always know all of which we live in every day, so I try to bring relevant examples to the table to be able to show them.

So, Mr. Speaker—

The Chair (Mr. Grant Crack): Thank you for that. That's exactly what my point is. Let's talk about subsection 47(1), which is the—let me just get this correct—the enforcement component. I think you were making comments around the penalty component of subsection 47(1).

1740

Mr. Bill Walker: I'll defer to my colleague.

The Chair (Mr. Grant Crack): Ms. Thompson. Please stay focused.

Ms. Lisa M. Thompson: Yes, thank you very much, Chair. With regard to subsection 47(1), I want to go back and revisit something that the Minister of the Environment and Climate Change—or cap-and-trade—said earlier today. Minister Murray said specifically: “This is one of the most complex pieces of legislation ever introduced into the Legislature.”

I just want to share with people—because right now, subsection 47(1) refers to the Greenhouse Gas Reduction Account. On Friday, I sent an open letter to the minister specifically mentioning the Greenhouse Gas Reduction Account. Given that subsection 47(1) pertains to this particular account, I’m sure the members opposite will understand why I’m referring specifically to this one paragraph. I’m going to read it in for the record:

“You specifically designed the Greenhouse Gas Reduction Account to allow the government to spend cap-and-trade funds on virtually anything it wants—with no accountability. In fact, the Financial Accountability Officer stated in his testimony before committee that he would ‘likely be unable to access’ spending plans related to this account. That means your government can decide which companies and organizations will receive nearly \$2 billion in new tax revenue behind closed doors.”

Well, Mr. Chair, I think that we have to be very cognizant of the fact that here we have a government that’s looking to allocate nearly \$2 billion. They’re going to pick winners and losers on a tax-and-trade scheme—

The Chair (Mr. Grant Crack): Ms. Thompson, let’s talk—

Ms. Lisa M. Thompson: —that is based on a punitive bill that has a lot of scare tactics that will make businesses seriously consider whether they really want to invest in Ontario any longer.

Again, while the folks may want to say this particular amendment is technical in nature, its impacts will be far-reaching for generations. That’s why we need to use every opportunity to recognize that, as was said in my briefing around this particular amendment, you’re creating a brand new financial market with actually no oversight—that was in my briefing today—

The Chair (Mr. Grant Crack): Ms. Thompson, I’m going to interrupt you—

Ms. Lisa M. Thompson: In our discussion today—

The Chair (Mr. Grant Crack): Ms. Thompson, I’m going to interrupt you. I have the floor. I happen to be the Chair, everyone.

Previously, you made reference to section 68 and tried to wrap that into section 47, which is what we’re dealing with. We can look at the semantics of how this is all unfolding—

Ms. Lisa M. Thompson: It all is interconnected.

The Chair (Mr. Grant Crack): It’s a very interconnected bill, that’s for sure. However, I would like to just advise Mr. Walker as well that—perhaps when he was out of the room—there will be opportunity to speak to the bill as a whole as we continue to proceed. So please: Let’s stay focused on this, and then I will determine on how we proceed.

We are on the amendment to subsection 47(1). Ms. Thompson.

Ms. Lisa M. Thompson: All right. Very good. I appreciate that, Chair, very much. I’m glad you recognize that a lot of our debate here today in committee is going to pertain to subsequent sections as well. I look forward to sharing those—

Interjection.

Ms. Lisa M. Thompson: I thought you would be.

With that, there was a comment made from across the floor: “A new financial market?” Absolutely. Members need to recognize that Bill 172, in the name of the environment, is setting up a brand new financial market. We discussed it during my briefing over the lunch hour. We discussed it during our briefing a number of weeks ago.

This particular amendment is actually, in effect, talking to the punitive measures that we feel strongly about, and we want to be on record about, in no uncertain terms. These punitive measures that we are talking about in this particular section of the piece of legislation are going to scare off business. They’re going to run away from Ontario, Chair, as opposed to allowing us to grow and have a bright, hopeful future for our children and grandchildren. Thank you very much.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. McDonell.

Mr. Jim McDonell: Thank you, Chair. I know it says in here, in section 47, that “Every person who contravenes or fails to comply with this act or the regulations is guilty of an offence,” and it goes through some of the penalties. It certainly refers to, in section 48, severe penalties. I guess if we were to look at taxing carbon, it’s a way of actually penalizing a company or a corporation or somebody who is breaking the intent of the law, economically. You change the behaviour, so of course they want to follow the law, and you actually get a desirable impact.

By simply going after somebody and trying to charge them with offences, it’s not money that is really going—also, there is an encouragement there to try to beat the charge, tie it up in court, because you’re not really going after the reduction of carbon. You are going through an artificial cap-and-trade system that we have seen other countries around the world try and fail, quite frankly.

It failed because you’re putting in something that’s very complex. You’re trying to do it without involving all your trading partners, as they did in Europe. It created too many problems for other jurisdictions that were allowed not to have to follow your cap-and-trade scheme. You’re making the desire to try to contravene the regulations too appealing because you’re not really going after—the use of carbon costs more money, so you are going to try not to use it. That’s really the whole premise that we have: You tax the carbon; you don’t throw up a bunch of artificial credits here that somebody can buy. That allows them to beat the system and then they try to cook the books with what these credits are worth—

Mr. Arthur Potts: Cook the books?

Ms. Ann Hoggarth: Come on.

Mr. Jim McDonell: Well, I mean, that's what they are. They are an artificial system in place. By directly taxing something, the penalty is actually purchasing it. That's what you want people to avoid and you do that quite simply by putting a tax on the product.

In our case, of course, we are talking about then making it revenue-neutral, returning it to the consumer—

The Chair (Mr. Grant Crack): Mr. McDonell, I think you have made it clear to the members of the committee what the official opposition's position is on where they would go. But let's talk about enforcement. Let's talk about the penalties. If you could stay focused on that, it would be much appreciated.

Mr. Jim McDonell: And that's why we're talking about the penalties here. They're not geared towards really getting a person or entity to reduce carbon. They're talking about if you contravene or fail to comply with the act or the regulation. By overusing a product—they're paying for it by the tonne in this case. There's a charge for it, of course, and then you force these companies to want to get off this product.

But even as we run this program, we are not talking about eliminating carbon completely. We know we can't do that—

Ms. Ann Hoggarth: Point of order.

The Chair (Mr. Grant Crack): Excuse me, Mr. McDonell.

Point of order: Ms. Hoggarth.

Ms. Ann Hoggarth: I move that we vote immediately. It has been more than 45 minutes.

The Chair (Mr. Grant Crack): Thank you very much. I will continue. I appreciate your comments. I'll continue to hear debate as long as it is focused upon the section at hand that we are looking at amending.

Mr. McDonell.

Mr. Jim McDonell: We were talking about the contravention and the enforcement of something. It's so much easier to have the enforcement done by the companies themselves as they try to reduce the carbon they're using, because that reduces the costs and makes them more competitive. That's the way our market works. Our market has been very successful. We're one of the envies of the world. Our capital system is certainly the system around the world—maybe not of the majority of the population, but certainly the majority of successful countries are utilizing it.

1750

We want to make sure that when we talk about enforcement, we're not talking about something with a heavy hammer of law; that we actually give the incentives to the companies or the people to want to cut back because it saves them money. The money that is being returned to them in another way—overall, they're better off. If you're not able to cut back, the way our system is built—we don't want to get to zero. That's not sustainable. We need, certainly, living in the northern hemisphere—far in the north—we have a need to utilize and to generate carbon. That's what people do. They like to eat; they like to live in comfortable surroundings. Unfortunately, that takes carbon.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Potts had his hand up prior.

Mr. Potts, and then Ms. Thompson.

Mr. Arthur Potts: Thank you, Chair. From the comments I'm receiving, in the over almost an hour we've talked about this very technical amendment, I get the impression that I don't think the members of the opposite party actually understand what paragraph 2 of subsection 14(7) is. If you're going to spend this much time filibustering, you'd think you'd actually go to that section and recognize that what makes this a technical amendment is the fact that we don't allow penalizing a penalty.

This just excludes one paragraph out of subsection 14(7). It's not like double jeopardy. I'm just surprised that they haven't even raised that piece. With all of the things they've talked about—from quarries to windmills to flip-flopping on cap-and-trade—I just find it a little bit surprising.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Potts. Ms. Thompson?

Ms. Lisa M. Thompson: Thank you very much, Chair. In response to that, I invite the member opposite from Beaches—East York to go back and take a look at Hansard because, early on with regard to this particular amendment, I did out-and-out say that Bill 172 is an incredibly punitive bill.

This particular amendment, when we talk it through and work through debate, we're recognizing that it's a marked improvement over what it was. We felt it was important to recognize that it's a marked improvement over what it was because the original piece—you've had to introduce 70 amendments because your original piece was rushed. We know, as was mentioned earlier today during question period, that the Premier needed a PR document so she could go and have a photo op with Prime Minister Trudeau.

Again, with that, Bill 172 we recognize is punitive. It's all about punishing. We also recognize that this particular amendment is a marked improvement, but it's only one fix. Your cap-and-trade scheme is going to absolutely make opportunities available to game the system. But again, this particular amendment that we've debated this afternoon—subsection 47(1)—is only one fix. Just to make sure—because I said it earlier and I'll say it again right now—there is still absolute liability for administrative contraventions. Companies will need to walk on eggshells.

As I mentioned before—you know what? Your heavy-handedness is going to scare business off. We, as Conservatives, we agree that there should be serious penalties for any fraud, any market manipulation. But we believe that the ultimate prevention—the best way to combat these offences—would be to have an accountable, transparent system that is easy to understand. That particular system, like was supported during the consultations during the winter of 2015—even though the minister was in Peru in 2014 saying “cap-and-trade,” people were saying that a tax on carbon is easy to understand. It's revenue-neutral.

We as Conservatives are still working on identifying a revenue-neutral plan that makes sense and is fair because we want to do what's right for taxpayers—

The Chair (Mr. Grant Crack): Ms. Thompson, again, with all due respect, I've heard the opposition's plan. We're dealing with the government's plan—

Ms. Lisa M. Thompson: Okay, I'll come back.

The Chair (Mr. Grant Crack): Pardon?

Ms. Lisa M. Thompson: I understand.

The Chair (Mr. Grant Crack): I'm just going to remind you to stay focused on the amendment. Again I heard the word "Peru," so I'm hoping that that's going to be the last in this discussion.

Ms. Lisa M. Thompson: Okay. For today. I will go back and make sure—

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Chair, thank you so much. We want to be on record stating that subsection 47(1) is an improvement because this legislation was so rushed, but I can't stress enough that it's only one fix. There is still absolute liability for administrative contraventions. Companies will walk on eggshells.

Is that really going to foster economic growth in this province? We on this side, as Conservatives, do not think it will. While the most serious of penalties need to be assessed for fraud, market manipulation and corruption, we feel that the best way around this is an approach that takes into consideration taxpayers and businesses and that is simpler and easier to understand.

Again, while this is an improvement, we would suggest that you should just withdraw Bill 172.

Mrs. Cristina Martins: Excuse me, Mr. Chair.

The Chair (Mr. Grant Crack): Ms. Thompson has the floor. Are you asking for a point of order?

Mrs. Cristina Martins: Yes, a point of order, Chair.

The Chair (Mr. Grant Crack): Ms. Martins, on a point of order.

Mrs. Cristina Martins: You've reminded the opposition more than once, more than twice, more than three times that they need to really speak to what's on the table here. Repeating over and over and over again is not very conducive to having things move along.

People have elected us to be here and do our work. To delay the way they have is absolutely ridiculous and unnecessary, the way they have filibustered. I would really appreciate that we continue.

You can't remind them enough that they have to speak to the motion at hand. Thank you, Mr. Chair.

The Chair (Mr. Grant Crack): Thank you very much on the point of order. It is a point of order; however, as Chair, it is my duty to ensure that all voices of all committee members are heard.

I think I've made it quite clear that there have been a number of times where I've asked the official opposition to be less repetitive. So I'm going to ask you again to continue to stay focused on this particular amendment that has been put forward. I will allow Ms. Thompson to continue.

Ms. Lisa M. Thompson: Thank you very much. I just want to clarify that I was actually responding to the member opposite because he forgot about what my key message was around this particular amendment. While it's a marked improvement, we feel that we would do something totally different.

The Chair (Mr. Grant Crack): Thank you. Again, I'll remind members, when there are comments made back and forth, to make sure that, whatever the response is, it's pertinent to the amendment that's on the table.

Mr. Walker.

Mr. Bill Walker: Thank you, Mr. Chair. My colleague across the floor, a few minutes ago, accused my fellow member—

The Chair (Mr. Grant Crack): Mr. Walker, I just made it clear that if you would like to speak to the amendment, that would be much appreciated, regardless of what the comments are on the other side.

Mr. Bill Walker: Thank you, Mr. Chair. I was trying to draw the parallel that the member said that my colleague didn't understand the amendment—

Interjections.

The Chair (Mr. Grant Crack): Order, please.

Mr. Bill Walker: —so I was going to ask for clarity. If he would admit that this was rushed legislation, then we would probably agree that this amendment was needed because they rushed through this. We're trying to get clarity.

If you took your time, if you did a thorough analysis, if you wrote the legislation without needing 70 amendments, we wouldn't probably need these amendments and we wouldn't have to debate whether we need them—

The Chair (Mr. Grant Crack): Mr. Walker, I'm going to interrupt and just remind you that those comments have been made previously. If you could focus on the substance of the amendment that has been put forward, as opposed to the reasons why. All members on the opposition have expressed your opinions as to why it has come forward, so let's talk about the substance of the amendment at this particular point. Just let me know when you're ready to move forward and vote on it.

Mr. Bill Walker: Certainly, Mr. Chair. I would ask the members opposite, in regard to the enforcement, which is what this amendment is about, can you share with us what types of concerns would definitely be ensured to not happen by the amendment?

The Chair (Mr. Grant Crack): Any further discussion on the motion?

Ms. Ann Hoggarth: It's 6 o'clock.

Mr. Bill Walker: You want to get out of here, do you, Ann? Are we rushing you through the democratic process?

Interjections.

The Chair (Mr. Grant Crack): It is 6 o'clock. I apologize. This meeting is adjourned till Wednesday at 4 p.m. Adjourned.

The committee adjourned at 1800.

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
GENERAL GOVERNMENT**

**COMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES**

Wednesday 20 April 2016

Mercredi 20 avril 2016

The committee met at 1600 in committee room 2.

**CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016**

**LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE**

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de
loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): I'd like to call this meeting to order. I'd like to welcome everybody.

Committee members, a procedural motion relating to our committee's consideration of Bill 172 has just been called for debate in the House, and it is currently being debated. Standing order 71(d) states, "No bill shall be considered in any standing or select committee while any matter, including a procedural motion, relating to the same policy field is being considered in the House."

I am therefore obliged to adjourn this committee meeting. I want to thank you all for coming and investing your time in this great democratic process. Thank you very much. This meeting is adjourned.

The committee adjourned at 1600.

CONTENTS

Wednesday 20 April 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-1019
--	--------

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Michael Harris (Kitchener–Conestoga PC)

Mr. Peter Tabuns (Toronto–Danforth ND)

Clerk / Greffière

Ms. Sylwia Przedziecki

Staff / Personnel

Ms. Laura Hopkins, legislative counsel



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 2 May 2016

Journal des débats (Hansard)

Lundi 2 mai 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

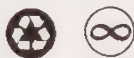
Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 2 May 2016

Lundi 2 mai 2016

*The committee met at 0900 in committee room 1.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good morning, everyone. I'd like to call the meeting to order. This is the Standing Committee on General Government, as you're all aware. We're going to continue clause-by-clause consideration of Bill 172, which is An Act respecting greenhouse gas.

As you're all well aware, on April 21 there was a motion passed in the House and this bill is now time-allocated. I'm not going to go through all the details, but we are allowed to meet on numerous occasions this week. It's going to be a privilege for me to be able to spend more time with you all. That's for sure.

Ms. Lisa M. Thompson: Chair, will you entertain a question?

The Chair (Mr. Grant Crack): I'll just finish—

Ms. Lisa M. Thompson: Okay. Sorry.

The Chair (Mr. Grant Crack): As I said, this meeting is called to order, and if you would like to have copies of the motion that was passed, the Clerk's office can forward you those copies.

Ms. Thompson.

Ms. Lisa M. Thompson: I was just wondering if you might recall a previous standing committee Chair who—I'm sure Mr. Tabuns will absolutely agree—led by example. Michael Prue always brought treats for committee, and I just wondered, given the amount of time we're going to be bonding here this week, if this particular committee Chair might follow in the same path.

The Chair (Mr. Grant Crack): I'll see what I can do. If I had known this request was coming, I would have brought some St. Albert cheese because I was meeting with them on Friday.

Mr. Potts.

Mr. Arthur Potts: And I might add, the same member was renowned for having treats in his desk in the

Legislature, giving them to the pages on occasion, in clear violation of the rules of the Legislature. I mean—

The Chair (Mr. Grant Crack): Thank you very much, all. I'll see what I can do as far as treats go.

Ms. Lisa M. Thompson: Thank you, Chair.

The Chair (Mr. Grant Crack): You're welcome.

As we said, we're time-allocated, so we should get down to business. At our last meeting, we were dealing with section 47, which is enforcement. We're going to start with government motion number 32.11. It had been moved at that time, but I would just ask that it be removed so that we can follow up.

Mr. Potts.

Mr. Arthur Potts: I move that subsection 47(1) of the bill be amended by adding "except in the case of a failure to comply with the requirement set out in paragraph 2 of subsection 14(7)" at the end.

The Chair (Mr. Grant Crack): Thank you very much. Any discussion?

Mr. Arthur Potts: There are other provisions within the bill that allow for enforcement of people who have not paid their assessments and such—in subsection 14(7), for instance. This just clarifies that those people will be dealt with in enforcement proceedings, outside of this section.

The Chair (Mr. Grant Crack): Further discussion?

There being none, I shall call for the vote on government motion 32.11. Those in favour? Any opposed? I declare government motion 32.11 carried.

We have sections 48, 49, 50, 51, 52 and 53—

Interjection.

The Chair (Mr. Grant Crack): Oh, sorry. I'll go back. Section 47: That was the motion that was carried. There is one amendment. Shall section 47, as amended, carry? Those in favour? I declare section 47, as amended, carried. My apologies.

Sections 48, 49, 50, 51, 52 and 53: There are no amendments. Is it the wish of the committee to bundle these particular motions?

Interjections: Yes.

The Chair (Mr. Grant Crack): I don't hear any opposition to bundling sections 48, 49, 50, 51, 52 and 53. Is there any discussion on those sections?

There being none, I shall call for a vote on sections 48, 49, 50, 51, 52 and 53. Those in favour? Those opposed? I declare section 48 carried; I declare section 49 carried; I declare section 50 carried; I declare section 51 carried;

I declare section 52 carried; and I declare section 53 carried.

We shall move to section 54. There is government motion 32.12. Mr. Potts.

Mr. Arthur Potts: I move that subsection 54(1) of the bill be struck out and the following substituted:

“Administrative penalties

“(1) An administrative penalty may be imposed under this section for one or more of the following purposes:

“1. To ensure compliance with this act and the regulations.

“2. To prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening a provision of this act or of the regulations.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. It just clarifies that an administrative penalty order may be issued for either of the purposes that are stated and it just makes the whole enforcement far more robust. I think we should all be supportive of it.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: We just want to recognize that absolute liability is very important to clarify and we just hope, as we move forward, through regulations, that clarification is provided so that everybody is on the same page.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 32.12. Those in favour? Those opposed? I declare government motion 32.12 carried.

We shall move to PC motion 32.12.1, which is an amendment to subsection 54(10). Ms. Thompson?

Ms. Lisa M. Thompson: We withdraw that.

The Chair (Mr. Grant Crack): PC motion 32.12.1 has been withdrawn.

We shall move to PC motion 32.12.1.1, which is an amendment to subsection 54(10). Ms. Thompson.

Ms. Lisa M. Thompson: Again, we recognize that we—

The Chair (Mr. Grant Crack): Excuse me. Would you like to read it into the record?

Ms. Lisa M. Thompson: I’m so ready to go here.

The Chair (Mr. Grant Crack): You’re a keener this morning.

Ms. Lisa M. Thompson: I am ready to go.

With regard to that, I just want to make sure that I get over—32.1.2—

The Chair (Mr. Grant Crack): It’s 32.12.1.1. Please read it into the record.

Ms. Lisa M. Thompson: Yes, I’ve got this one.

I move that subsection 54(10) of the bill be repealed.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, the ministry has offered no clarification with regard to absolute liability and officials have only said they’re working on an

administrative penalty regulation. Without providing any rationale, Chair, the government is sending the wrong signal to the private sector. I think, as referenced earlier, it would be better to take this subsection out of the bill until the government straightens out its plan.

I’m just wondering, possibly, would the government please explain why absolute liability is needed, perhaps for clarification for all of us here in this room as well as watching the proceedings?

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Potts.

Mr. Arthur Potts: Sure. I would say that this is a lot like the law of gravity, where ignorance of the law is no excuse. If someone has made the mistake, even if it’s inadvertent, they need to be held accountable so others can’t make the same claim. We would be voting against repealing this section.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: I just question—I need to put it on record. I’m wondering if the government can clarify why there should be no appeal for companies or organizations that make an honest mistake.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There is no further discussion. I shall call for the vote on PC motion 32.12.1.1. Those in favour? Those opposed? I declare PC motion 32.12.1.1 lost or defeated.

We shall move to PC motion 32.12.1.2, which is an amendment to subsection 54(10).

Interjection.

The Chair (Mr. Grant Crack): It wasn’t in the package but it is the same content of the motion that was just defeated. Feel free to proceed, or there’s the other option of withdrawing one that has just been defeated as well.

0910

Mr. Jim McDonell: We will be withdrawing it.

The Chair (Mr. Grant Crack): Okay.

Mr. Jim McDonell: The government is including absolute liability in Bill 172 without specifying what the legal standard will apply to. The ministry has offered no clarification. Officials have said only that they’re working on an administrative penalty—

Mr. Arthur Potts: Point of order.

The Chair (Mr. Grant Crack): I was about to—thank you. Point of order, Mr. Potts.

Mr. Arthur Potts: We can’t be debating a motion that’s been withdrawn.

The Chair (Mr. Grant Crack): That is correct. I was just about to get there, so I apologize to all members. When a motion is withdrawn, there is no further discussion. PC motion number 32.12.1.2 has been withdrawn.

We shall move to PC motion 32.12.2, which is an amendment to subsection 54(11). This would be in the extra package that the Clerk has—

Interjection.

The Chair (Mr. Grant Crack): No, it’s not—ah, yes, it is. Okay. We’re dealing with 32.12.2. It’s a PC motion.

Ms. Lisa M. Thompson: Number 32.12?

The Chair (Mr. Grant Crack): Number 32.12.2.

Interjections.

The Chair (Mr. Grant Crack): There have been a number of changes to the packages, so I can respect the fact that there's a little bit of confusion here. So I will provide the time to make sure that we move forward appropriately.

Ms. Lisa M. Thompson: Chair, I withdraw 32.12.2.

The Chair (Mr. Grant Crack): Thank you very much. PC motion number 32.12.2 has been withdrawn.

We shall move to PC motion 32.12.3, which is an amendment to subsection 54(11). Ms. Thompson.

Ms. Lisa M. Thompson: Chair, I withdraw 32.12.3.

The Chair (Mr. Grant Crack): I declare PC motion 32.12.3 withdrawn.

I believe Mr. Tabuns was raising his hand, so if there's a point of clarification—

Mr. Peter Tabuns: If it's withdrawn—I didn't have a copy of it, but if it's—

Interjection.

Mr. Peter Tabuns: Ah, on that stack. Okay. It's been withdrawn.

Ms. Lisa M. Thompson: Yes.

The Chair (Mr. Grant Crack): We shall move to PC motion 32.12.3, which is an amendment to subsection 54(11). Ms. Thompson.

Ms. Lisa M. Thompson: I just withdrew it. Thank you.

The Chair (Mr. Grant Crack): That was withdrawn?

Ms. Lisa M. Thompson: Yes. I just did. Thank you, Chair.

The Chair (Mr. Grant Crack): Okay. Very good. Thank you very much, everybody.

We shall move to PC motion 32.12.4, which is an amendment to subsection 54(11).

Ms. Lisa M. Thompson: I move that subsection 54(11) of the bill be struck out.

The Chair (Mr. Grant Crack): Thank you. Further discussion?

Mr. Arthur Potts: Can I have a clarification?

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: We're at 32.14?

The Chair (Mr. Grant Crack): Number 32.12.4.

Mr. Arthur Potts: Okay. It's somewhat of a duplicate of the previous motion that's been withdrawn.

The Chair (Mr. Grant Crack): Everything's good? Okay. Thank you.

Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, we just want to reiterate that without providing any rationale, the government is sending the wrong signal to the private sector. We feel it would be better to take this subsection out of the bill until the government straightens out its plan for administrative penalties.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: It's our view that this type of section within the bill protects the integrity of the system. It sends a signal to the marketplace that they need to know what the rules are, they need to know what the

penalties will be, and that they act in accordance with it. So they'll be able to do their due diligence, and we won't accept an accidental or "we didn't know" as an excuse to get out of it. So with respect, we'll be voting against this.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Again, we just want to reiterate, then, in terms of standing up for the private sector, we really encourage the government to take time with the regulations and make sure that it's fully spelled out so that people understand what the parameters are that they're working within.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I think we can all agree that there need to be penalties, but they also need to be specified. We see here that you're working with private corporations where, really, there is no outline of just what the penalties could be. Of course, in the rule of law, people need to know what the penalties are, so that they can judge accordingly.

It's easy to make an administrative mistake. But if you're forcing a bankruptcy, then you get into the fact that sometimes mistakes are healthy—they improve the system—and there needs to be some rationale, for an honest mistake, for just what an honest penalty would be.

The Chair (Mr. Grant Crack): Further discussion? Okay, I shall call for the vote on PC motion 32.12.4. Those in favour? Those opposed? I declare PC motion 32.12.4 defeated.

There is one amendment to section 54, which was government motion 32.12. Is there any discussion on section 54, as amended? There being none, I shall call for the vote on section 54, as amended. Those in favour? Those opposed? I declare section 54, as amended, carried.

We shall move to section 55. There are no amendments. Any discussion on section 55? There being none, I shall call for the vote. Shall section 55 carry? I declare section 55 carried.

We shall move to section 56. There are no amendments. Any discussion on section 56? I see there is none. I shall call for the vote on section 56. Shall section 56 carry? I did not hear any opposition, so section 56 is carried.

We shall move to section 57. There is one amendment, government motion 32.13. It is an amendment to subsection 57(4). Mr. Potts.

Mr. Arthur Potts: We will withdraw that one.

The Chair (Mr. Grant Crack): Government motion 32.13 is withdrawn.

Therefore, there are no amendments to section 57. Is there any discussion on section 57? There being none, I shall call for the vote. Shall section 57 carry? I declare section 57 carried.

Sections 58 and 59: There are no amendments. Is it the committee's wish to bundle those two?

Ms. Ann Hoggarth: Yes.

The Chair (Mr. Grant Crack): I hear no opposition.

Any discussion on sections 58 or 59? There being none, I shall call for the vote. Shall sections 58 and 59 carry? I declare sections 58 and 59 carried.

We shall move to section 60, which is government motion 32.14. It's a new subsection, 60(5). Mr. Potts.

Mr. Arthur Potts: I move that section 60 of the bill be amended by adding the following subsection:

"Data minimization

"(5) Where the collection, use or disclosure of personal information is authorized under this act or prescribed by regulation, no more personal information may be collected, used, or disclosed than is reasonably necessary to meet the purpose of the collection, use, or disclosure, as the case may be."

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Potts.

Mr. Arthur Potts: This was in the discussions with our privacy commissioner, that we needed to limit the use of private information to protect the privacy of people, but we needed to know that we had enough substantive data in order to do the work in front of us.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: We agree that it's very important that this bill doesn't infringe on personal privacy of all the parties involved in the cap-and-trade system. Thank you for clarifying that you consulted with the privacy commissioner on that, because we were wondering if he had heard about this as a major concern from the business community. Did you hear anything from your stakeholders or—sorry.

0920

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It was raised. The privacy commissioner certainly brought to our attention that we need to clarify this, and we've done so. We appreciate your support for this.

The Chair (Mr. Grant Crack): Thank you. Further discussion? There being none, I shall call for the vote on government motion 32.14. Those in favour? Those opposed? I declare government motion 32.14 carried.

Section 60 is amended with that one amendment that just passed. Any discussion on the section, as amended? There being none, I shall call for the vote. Shall section 60, as amended, carry? I declare section 60, as amended, carried.

We shall move to sections 61, 62 and 63. There are no amendments. Is it the committee's will to bundle those particular sections? Thank you very much. I hear no opposition.

Is there any discussion on section 61, 62 or 63? There being none, I shall call for the vote. Shall sections 61, 62 and 63 carry? I declare sections 61, 62 and 63 carried.

Moving to section 64, there is a government motion, 32.15, which is an amendment to subsection 64(1). Mr. Potts.

Mr. Arthur Potts: Sorry, I think this is—yes, I'm withdrawing this motion.

The Chair (Mr. Grant Crack): Government motion 32.15 is withdrawn.

We shall move to government motion 32.15.1, which is an amendment to subsection 64(1). It's in your new,

extra package that the Clerk's office and the Clerk have provided. Mr. Potts.

Mr. Arthur Potts: I move that subsection 64(1) of the bill be amended by striking out "under this act or the regulations" and substituting "under this act".

The Chair (Mr. Grant Crack): Thank you very much. Further discussion?

Okay, we'll just get some clarification. Mr. McDonell.

Mr. Jim McDonell: Yes, what was the difference? We don't have 32.15.1 in front of us. What's the difference between the two?

The Chair (Mr. Grant Crack): Okay, we'll just take a few seconds here for the Clerk to get 32.15.

Interjections.

The Chair (Mr. Grant Crack): Further discussion on government motion 32.15.1? There being none, I shall call for the vote. Those in favour of government motion 32.15.1? Those opposed? I declare government motion 32.15.1 carried.

We shall move to government motion 32.16, which is an amendment adding new subsection 64(3). Mr. Potts.

Mr. Arthur Potts: If you'd give me a second here.

The Chair (Mr. Grant Crack): Certainly.

Mr. Arthur Potts: It's 32.16?

The Chair (Mr. Grant Crack): Yes.

Mr. Arthur Potts: Okay. I move that section 64 of the bill be amended by adding the following subsection:

"Same

"(3) If service is made by a method other than personal delivery or mail, the service is deemed to have been made on the day, if any, specified in the regulations."

The Chair (Mr. Grant Crack): "Specified by regulation"?

Mr. Arthur Potts: "Specified by regulation." Sorry.

The Chair (Mr. Grant Crack): Thank you for the clarification.

Any further discussion on government motion 32.16?

Mr. Arthur Potts: This motion just clarifies the day of service. It's fairly technical in nature, and I would appreciate the support of all members on it.

The Chair (Mr. Grant Crack): Thank you. Further discussion? There being none, I shall call for the vote on government motion 32.16. Shall government motion 32.16 carry? Those in favour? I declare government motion 32.16 carried.

There are two amendments to section 64. Is there any further discussion on section 64, as amended? There being none, I shall call for the vote. Shall section 64, as amended, carry? I declare section 64, as amended, carried.

Section 65, section 66 and section 67 have no amendments. Is it the committee's will to have these particular sections bundled?

Mr. Lou Rinaldi: Can we?

The Chair (Mr. Grant Crack): Would you like them bundled? I don't hear any opposition. They shall be bundled.

Is there any discussion on sections 65, 66 and 67? There being none, I shall call for the vote. Shall section

65, section 66 and section 67 carry? I declare section 65, section 66 and section 67 carried.

We shall move to section 68.

Mr. Arthur Potts: Chair?

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: If it pleases the committee, can I take a five-minute break?

The Chair (Mr. Grant Crack): Is the consensus of the committee to have a five-minute break?

Interjections.

Interjection: A Liberal break.

The Chair (Mr. Grant Crack): It is a Liberal break; it's a government break, a five-minute break. We will reconvene at 0930.

The committee recessed from 0925 to 0932.

The Chair (Mr. Grant Crack): Just on time.

We have moved to section 68. There is a change to the sequencing. In order to facilitate proper debate, the Clerk's office, in conjunction with myself, has moved NDP motion 34, NDP motion 35 and then NDP motion 33. If that—

Mr. Peter Tabuns: Sorry, can you repeat that again?

The Chair (Mr. Grant Crack): Okay. Instead of moving to NDP motion 33, as per the proper sequence, if we could do 34 first, 35 and then 33. You will find that that would be a much better way to proceed. So 34, 35 and 33.

Mr. Peter Tabuns: Can we have a reason for moving it that way?

The Chair (Mr. Grant Crack): Madam Clerk?

The Clerk of the Committee (Ms. Sylwia Przewdziecki): It's just to allow for the most debate. The way they're ordered now, if the first one carries, then the next two won't be able to be moved, whereas if we sequence them 34, 35, 33, then they can all be moved and debated. I just made an error numbering them.

The Chair (Mr. Grant Crack): Are you comfortable with that, Mr. Tabuns?

Mr. Peter Tabuns: Well, I'm thinking about it.

Motion 33 is my first option. If that's defeated, then 34 is my alternative. Then 35 flows from whether 33 and 34—I don't see the advantage in terms of the logical processing of the bill in changing the order. Maybe I'm misunderstanding.

The Chair (Mr. Grant Crack): I respect your question.

Madam Clerk, do we have an answer?

The Clerk of the Committee (Ms. Sylwia Przewdziecki): Okay, now I understand your—thank you for explaining your rationale. It's just that if number 33 does carry, what I'm hearing is then you wouldn't wish to move 34 and 35; if it does carry, then 34 and 35 wouldn't make sense anymore.

Mr. Peter Tabuns: Yes, if 33 passes, 34 is irrelevant.

The Chair (Mr. Grant Crack): And 35, from my understanding.

Mr. Peter Tabuns: No, 35 would still be relevant.

The Chair (Mr. Grant Crack): Does the member wish to proceed with 33?

Mr. Peter Tabuns: I do.

The Chair (Mr. Grant Crack): Okay, then we shall take that into consideration.

We shall move, then, to NDP motion number 33, which is an amendment to subsection 68(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(1) of the bill be struck out and the following substituted:

"Greenhouse gas reduction account

"68(1) The greenhouse gas reduction account established under section 176.1 of the Environmental Protection Act is the greenhouse gas reduction account for the purposes of this act, and that section applies to this act, subject to any modifications made by regulations made by the Lieutenant Governor."

Chair, I have to say that I was here the last time we debated a cap-and-trade bill. I had substantial criticisms at the time and quite a few amendments, very few of which passed. But one of the things that came out of that bill at that time—the changes to the Environmental Protection Act gave a greenhouse gas reduction account that I thought was fully serviceable and, in fact, one that gave a greater degree of accountability and transparency than the current formulation put forward in this act.

I think that the transparency of the spending is going to be critical to the legitimacy of the act. As we've been able to see in the last few weeks, anything you do around climate change is going to be contentious. There will be fights. There will be conflicts. There are big interests that are involved. If you want to ensure that you have a chance of being successful, then transparency is critical.

The formulation in the act I think is quite problematic. I think retention of a very serviceable piece of legislation that was already passed by this government is one that is worth retaining. Thus, I move this motion to protect greater transparency in the exercise of this whole project.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Chair, I just want the government to understand that we feel that the NDP has brought forward a very thoughtful amendment in this regard. You've done your due diligence, as opposed to just trying to rush legislation through, as has become the habit of this government. In fact, we agree that the greenhouse gas reduction account set up under the EPA is more accountable.

We truly believe that transparency and accountability are paramount. Although we would like to see money returned to taxpayers in the form of tax relief, we feel strongly that this motion does speak to the issue of transparency, and I just want the member from the third party to know that we're supporting it. We understand what you're trying to achieve here and we agree with it.

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: We share the member's concern about openness, transparency and accountability in the bill. That's our objective. But having this account within public accounts—we believe that all of the accounts in the public accounts are going to be transparent. That's our objective across government. We see no reason to

take this particular account out of this and put it in the Environmental Protection Act, so we'll be voting against this motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I'll just say that all kinds of mathematical games get played with accounts all the time. I just don't think there's any doubt about it. Fun with numbers is something that this government has engaged in and other governments have engaged in. I'm not moving this motion to protect or attack the government; I'm trying to ensure that action on climate change is protected, and its credibility is paramount.

I don't agree with the member. I'm not sure there's a lot more to be said. If and when there's a vote, I ask that it be recorded.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, just in support of this particular motion, we recognize the manner in which this has been constructed. The account under Bill 172—and it's important that we have this on record—allows the minister to spend \$1.9 billion in new tax revenue on virtually anything he wants. That's a concern to us, and that's why we're supportive of any effort towards transparency and accountability.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote. There has been a recorded vote requested, and that shall be entertained.

Ayes

Tabuns, Thompson.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 33 defeated.

We shall move to NDP motion number 34, which is an amendment to subsection 68(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(1) of the bill be amended by striking out “in the public accounts” in the portion before paragraph 1 and substituting “by an entity created and controlled by the crown for the purpose,”

0940

Chair, I had moved my earlier motion because I felt that the Environmental Protection Act's structure was one that was adequate and fit for the purpose. This is an alternative, and it essentially draws from the experience in California where, again, they understood very early on that everything they did on climate was going to be attacked one way or the other, and they acted to ensure that transparency was paramount. They acted to ensure that the perception of political games and gains would be minimized, which is why they hold many of their activities outside the normal process of government

spending, notwithstanding some of the odd actions by that government from time to time.

I'm very sorry the government doesn't support its original legislation on cap-and-trade; I think it should have. I remember hearing the arguments of the government back in 2009 about this structure and its validity, but they no longer support that. I would hope that they would at least follow the example of California.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Much for the same rationale as before, I believe that we will achieve those objectives in the public accounts format. There are prescribed places where the monies will get spent, and they will result in reductions in greenhouse gases. Those are very clearly delineated in the act. Therefore, I don't see that there will be a concern in retaining this account within public accounts. So we'll be voting against this one.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: This motion creates a completely separate entity, in my understanding, to hold all revenues generated or collected through cap-and-trade. Again, it would create a completely separate entity to hold all revenues generated through cap-and-trade. It is of the utmost importance that the government recycle revenues from any existing carbon pricing scheme back to taxpayers, to offset the costs that we know will be coming forward.

Just to reiterate, even former finance minister Greg Sorbara said cap-and-trade is going to be nothing more than a flow-through tax that's going to cause everything to go up in terms of pricing.

We appreciate what the NDP are trying to do to ensure that there's more transparency of the greenhouse gas reduction account, and we support that.

I'm just wondering if the government could explain if they ever considered creating a separate account.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'll address that briefly.

I'm a little surprised to see the member opposite supporting additional bureaucracy to accomplish essentially the same purpose. We want to keep this as streamlined as possible, we want to keep it as transparent as possible, and keeping this account in the public accounts will achieve that objective.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, it's recognizing the fact that there was already something in place in the EPA. This separate account is nothing but an extra layer that the government has indicated they need, but I can't stress strongly enough that the manner in which they're setting this up is so different from what the purpose of the account in the EPA was. Under 172, this particular bill, the minister will be able to spend \$1.9 billion in new tax revenue on virtually anything this government wants.

We feel that taxpayers in Ontario have been stressed enough and, once and for all, they deserve the right to see

transparency and accountability built into one of the biggest tax schemes they'll ever face under this government.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'd like to add on the record the voting in favour of this. Therefore, I'd ask for a recorded vote.

The Chair (Mr. Grant Crack): There is a request for a recorded vote.

Mr. Peter Tabuns: I was going to ask for one, too, so we are in agreement.

The Chair (Mr. Grant Crack): Any further discussion on NDP motion number 34? Then I shall call for the vote. There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 34 defeated.

Let's move to NDP motion number 35, which is an amendment to subsection 68(1). I shall call on Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(1) of the bill be amended by striking out "following amounts" before paragraph 1 and substituting "following money paid in and out" and by striking out paragraphs 1 to 5 and substituting the following:

"(1) The money from the distribution of Ontario emission allowances created under section 29;

"(2) Any money payable to the crown by a participant under section 14;

"(3) The money from any administrative penalties that are paid under section 54;

"(4) The money from fees payable to the crown under this act;

"(5) All money paid out under subsection (2)."

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns.

Mr. Peter Tabuns: Chair, again on this matter of transparency and the ability of the public and those who are paying fees into this account to be able to follow where the money goes and how it's being spent, I'm very worried that the way the wording is set up in the bill as currently written will allow a number of accounting—what can I say, accounting—what's parliamentary?—a number of accounting actions that may not fully reflect the funds that were collected and should be held and utilized for climate action.

I watched the funds from the sale of Hydro One be played around with at great length. There's a claim by the government that somewhere in the range of \$2 billion from a preferential tax treatment of the sale has been

credited to the Trillium account, when in fact there is no real money. There are some accounting entries, but it is all notional. It is not real. So the potential exists to play around here, put notional credits into the account, pretend the money is actually being collected and allocated for climate action when in fact it isn't.

Again, I will say to you, Chair, that if this government or a subsequent government plays with this money, does not take the critical action that is necessary to save property, health and lives, then those who are the authors of that damage to climate action will be held accountable at great length and condemned widely over the decades to come. So I'm moving that it be possible to trace where the money's coming from, where it's going and how it's being spent. Failure to do that is quite reasonably considered a betrayal of the interests of the people of this province.

That's my argument. I just want to let you know in advance now—because I know you wouldn't be expecting this—that I would like a recorded vote.

The Chair (Mr. Grant Crack): Absolutely. Any further discussion? Mr. Potts.

Mr. Arthur Potts: The motion essentially just replaces the word "amounts" with "money" and I'm not sure in that change in wording all the laudable benefits being ascribed by the member opposite would come to fruition.

The Financial Administration Act uses the concept of amounts and so this keeps it consistent with that. We want to keep the acts consistent so the Auditor General and others in their due diligence will be able to analyze what's been happening in as transparent a way as possible, so we won't be supporting this motion.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Thompson.

Ms. Lisa M. Thompson: Thank you, Chair. This motion changes the terminology, just to be clear, to reflect money, rather than the amounts or expenditures. This appears to be a sensible solution to ensure plain language is embraced and encompassed. Again, we want a solution ensuring that plain language encompasses all money that will be related to cap-and-trade.

I have to support the member from the third party. There is a lot of opportunity for the moving of decimal points, as he alluded to earlier. Under the cloak of a lack of transparency, a lot of things could happen. The manner in which this particular aspect of the bill is being set up will allow the minister to spend \$1.9 billion on virtually anything he wants.

Just last week, at the Economic Club, Chair, we heard that, associated with this transformational change that this government wants to pursue, they feel they're going to have to introduce heavy subsidies. Well, our electricity rates just went up yesterday—again—because of some heavily subsidized initiatives that would probably never have happened had the—but the fact of the matter is, the Ontario taxpayer is burdening that whole stress of unnecessary subsidies.

0950

Again, the Minister of the Environment and Climate Change, at the Economic Club last week, implied that it is going to cost a lot of money, and subsidies are going to have to come into play. That tells me that they're going to be using this \$1.9 billion that they've tagged as revenue from their cap-and-trade scheme—they've tagged it to be used wherever they want, and at the end of the day, just as Greg Sorbara has pointed out, it's going to be the Ontario taxpayer who has that burden.

Again, Ontario taxpayers deserve so much better, and we should be able to make changes that embrace the whole notion of transparency. I'm glad there's going to be a recorded vote because we are supporting this idea of plain language, so that the motion changes the terminology to reflect money rather than the amounts or expenditures. I'm just wondering if the legislative counsel could explain the impact the wording change would have on this bill. Could you explain the impact? Because the member opposite just moments ago said he wasn't sure a change in wording would have the deemed effect that this particular motion is pursuing.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Hopkins?

Ms. Laura Hopkins: Unfortunately, I think that this isn't something that I'm going to be able to help the committee with. The provision in this act will be read together with the Financial Administration Act and in the context of public sector accounting principles as a whole. We are outside my wheelhouse when it comes to accounting principles. So I'm sorry, I can't help.

Ms. Lisa M. Thompson: Okay, I respect that. Thank you for clarifying.

Again, I just think that taxpayers deserve transparency, especially when the cost is going to be on their shoulders, so we're fully in support of this NDP motion.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? I see that there is none. I shall call for the vote on NDP motion number 35, and there has been a request for a recorded vote.

Ayes

Tabuns, Thompson.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 35 defeated.

I shall move to NDP motion number 36, which is an amendment adding new subsection 68(1.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 68 of the act be amended by adding the following subsection:

“Special purposes

“(1.1) For the purpose of the Financial Administration Act, money deposited in the greenhouse gas reduction

account shall be deemed to be money paid to Ontario for the special purposes described in subsection (2).”

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: I'm following on my theme here of trying to preserve integrity in one of the core functions of this act, and that's ensuring that the funds that are collected from the sale of fossil fuels are actually used to reduce greenhouse gas emissions. I'm trying, in this motion, to ensure that the funds are used for the special purposes described in subsection (2) and are not going to be in any way reallocated and used for other governmental purposes. Again, it's a question of trying to armour these funds, protect them with as many layers of defence as possible.

Chair, as I'm sure you're well aware, all governments are subject to huge, ongoing and varying pressure. We look at the situation in Quebec where their green funds were used to build an oil pipeline, where their green funds were used to repair the tail assembly of an Air Canada jet and where their greenhouse gas funds were used for messaging communications services for a taxi service. There will be huge pressure to reallocate these funds to other government priorities from the day that the first dollar is collected. To the extent that the funds can be protected to actually deal with the climate crisis that we're facing, we serve well the people of Ontario, and to the extent that they are under threat of being reallocated to this or that project to deal with this or that pressure, it undermines the whole credibility of action on climate change and undermines our ability to prevent the damage that will come if we don't act.

So I would ask the government to vary this bill so that there can be another level, so that there can be another level and layer of protection for the funds levied for this purpose.

A recorded vote as well.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We find the motion well intended but somewhat redundant to the purpose. The act is very specific in subsection (2). The expenditures are prescribed for specific purposes; they will not be used for extraordinary purposes that are not in line with subsection (2). It's there; it's in black and white. All public accounts are used for the purposes defined for that section.

I just don't find the motion necessary, and we'll be voting against it.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Just reflecting on the comments that were shared by the legislative counsel on the previous motion, I appreciate the fact that this particular amendment is trying to align the act with the definitions used within the Financial Administration Act. We need to be mindful of how this money is going to be used for special purposes. It's interesting how this government is apparently trying to put up as many cloaks and as many doors to hide how they're going to spend

their \$1.9 billion in revenue that the taxpayers are going to have to be responsible for.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 36. There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 36 defeated.

We shall move to NDP motion 37, which is an amendment to subsection 68(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(2) of the bill be amended by striking out the portion before paragraph 1 and substituting the following:

“Moneys to be paid

“(2) Money may be paid out of the greenhouse gas reduction account for the following purposes:”

Chair, I’ve made my arguments about the necessity of transparency, the necessity to talk about money rather than enter into a whole world of credits and fun with numbers that some accountants may well engage in. I believe that if you’re going to have a transparent set-up with this bill, with these expenditures, you need this kind of amendment. This motion is a continuation of this effort.

When we get to it, I’d like a recorded vote.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: We fully appreciate and agree that we, too, have concerns with how this government may have, to quote the third party, “fun with numbers.” This particular motion appears to be, as I said before, a thoughtful and sensible solution to ensuring plain language is being used that encompasses all the money that will be related to the cap-and-trade system. I think Ontario taxpayers deserve as much clarity as possible when it comes to this particular scheme.

This is going to be a recorded vote, is it?

The Chair (Mr. Grant Crack): Yes.

Ms. Lisa M. Thompson: Okay.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 37. There has been a request for a recorded vote.

Ayes

Tabuns, Thompson.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 37 defeated.

We shall move to NDP motion number 38, which is an amendment to subsection 68(2), paragraph 1. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraph 1 of subsection 68(2) of the bill be amended by striking out “and enforcement”.

1000

Chair, this bill is, at its heart, a bill to protect the environment and to protect those of us who live in that environment. To my knowledge, other environmental protection enforcement is carried out by the Minister of the Environment and Climate Change with the funds that are allocated for enforcement. Generally speaking, we don’t charge an environmental protection program extra money for enforcement.

I would rather see the funds that are collected be used to reduce greenhouse gas emissions rather than supplement the activities of the ministry in its enforcement activities. If the ministry needs more money for enforcement, that should be allocated by the government.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: Certainly the member from the third party, Mr. Tabuns, really does hit on something that’s very, very important, and that is, at the heart of this whole issue is, I think we can all agree, the protection of the environment. It’s interesting. Attending the Economic Club of Canada luncheon last week, as I referenced before, and even meeting with stakeholders, I’m hearing that they want to hear from this government: What are we doing in terms of adaptation? What are we doing with regard to conservation? How are we going to ensure that agricultural practices that have been in place for decades are going to be properly recognized? I agree with what Mr. Tabuns has said in that we need to be recognizing that investment needs to be placed properly.

This particular motion, just to recap, removes enforcement from the list of authorized expenses, this revenue generated by the cap-and-tax scheme in terms of—I’ll repeat that. This particular motion removes enforcement from the list of expenses that this cap-and-trade scheme can be used for. I think it’s really important that we embrace what Mr. Tabuns has been saying here. We don’t need another tax simply to go towards an increase in bureaucracy and red tape.

Again, we go back to a number of motions before where we were very clear that there is an accounting functionality within the Environmental Protection Act that would serve the perfect purpose. That’s why I abstained from one of those previous motions, because, again, we don’t need another tax that simply goes towards funding this province’s increasing bureaucracy and red tape. We support the notion of removing enforcement from the list of authorized expenses that this cap-and-trade scheme could be used for.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: We’re trying to achieve an objective where there’s full cost accounting associated

with all activities that are driving down greenhouse gas emissions. That includes administration and enforcement. The administrative penalty will keep those enforcement costs as low as possible so that we can put as much as possible into the kinds of initiatives that we'll identify that will have a reasonable chance and a likely chance of reducing greenhouse gas emissions. Enforcement is a legitimate expense to be encapsulated in the entire program. It will allow us to understand it better. It won't get lost in other enforcement programs. So we'll be voting against this because we think it's a legitimate expense.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I can't help myself, but with all due respect to the member opposite, I find his comment that the government is trying to achieve full cost accounting rather rich, because I recall that, back in December leading into the Christmas break, I was asking the Minister of the Environment and Climate Change if they had done a full cost-benefit analysis. Those questions fell on ears that just weren't listening, because they totally ignored it.

Many stakeholders agreed with us that there has not been a full cost-benefit analysis done on this particular revenue-grabbing scheme. So I can't let that comment go without reflecting on the fact that this government, to our understanding, has not even done a cost-benefit analysis as to the total impact on Ontario taxpayers. To hear that they're now trying to achieve full cost accounting is pretty rich. It's just something I can't trust to be honest.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: We don't have to go back very far to remember the last huge fiasco with not doing cost-benefit analysis, and that's the Green Energy Act. That was a huge criticism by the Auditor General. We look now—it's fine to return all your costs, like they've done with the case of our electricity costs, but look where they've driven them. They've driven them to the highest in North America. You're jumping into this cap-and-trade legislation much before our neighbours to the south. We've already had our businesses leaving because of the cost of power and the cost of payroll taxes.

This is just another reason why what used to be by far our number one industry, the auto industry—if they see this coming out early, if they're looking at plans for expanding or a new plant, why would they come to Ontario? I guess that's what we're seeing. We're seeing this industry drop down. We used to be number one in the continent; a couple of years ago we were number three and declining.

The cost-benefit analysis in the energy—we're still increasing at the greatest rate.

Mr. Arthur Potts: Chair, a point of order?

The Chair (Mr. Grant Crack): A point of order, Mr. Potts.

Mr. Arthur Potts: I'd like the member to address the motion instead of the grandiose—

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Mr. McDonell, try to circle back towards the motion at hand.

Mr. Jim McDonell: Bringing it back, we're talking about the cost-benefit analysis not being done here. When you look at the costs, they'll be significant. It is a bit of a waterwheel here, where you're trying to get to a point with no carbon. You're 0.1% of the world's total.

One of the biggest contributors is south of us. They're not jumping into it yet so we're not going to have a big impact. The only thing we are going to do is churn up the system and add a lot of energy that's got to be paid for. Unfortunately, we'll be paying for it up here and they won't be paying for it south of us. Again, it's just another way we're making ourselves uncompetitive.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Again, with regard to the motion, on behalf of the constituents I represent in Huron-Bruce, I'd be remiss if I didn't revisit the fact that any monies associated with protecting our environment should be well spent.

We agree with removing enforcement from the list of authorized expenses because we need to recognize that, as it's developed today, this government is not allowing the agri-food industry to come to the table during the first period of compliance. The agri-food industry in Ontario is not going to be pulled into this picture until at least 2020. That's a travesty, Chair, because—even you know in your own riding how prominent agriculture can be in terms of protecting our environment, be it the various practices they use, be it ground cover, be it pasture, be it no-till conservation tillage. These are all initiatives that should be enhanced, encouraged and furthered through proper support by this government.

Instead, we're seeing, again, a list of authorized expenses that just add more bureaucracy and more red tape that truly isn't needed.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There being none, a request for a recorded vote, shall be entertained. There is no further discussion on NDP motion 38.

Ayes

McDonell, Tabuns, Thompson.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 38 defeated.

We shall move to NDP motion number 39, which is an amendment to subsection 68(2), paragraphs 1, 2 and 3. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraphs 1, 2 and 3 of subsection 68(2) of the bill be amended by striking out “or indirectly” wherever it appears.

Chair, as you are aware from these series of motions, I am trying to build in transparency. I am very worried

about this term “or indirectly.” It’s very broad, as you might well imagine, Mr. Chair.

This committee is debating this climate change act, this cap-and-trade act. The cap-and-trade act, when passed, may hopefully reduce greenhouse gas emissions. One might say that indirectly our actions are helping deal with greenhouse gas emissions. It’s remote, but it is indirect and thus would come under the scope of the act. There are a wide variety of things that this government may do that one could argue, however tenuously, are indirectly related to the reduction of greenhouse gas emissions.

1010

A lack of definition of “indirect”—the scale and scope of the activities that would be touched on would mean that a wide variety of things that actually would have no direct impact on greenhouse gas emissions could be funded through this act if the words “or indirectly” are retained. Frankly, again, that undermines the credibility of action on climate change, it undermines the effectiveness of this act, and it doesn’t allow for concentration of funds and efforts for those actions that are needed to actually come to grips with this problem, this crisis.

I would urge all in this room who have a vote to vote for this amendment, because we actually do need to focus the money on direct action to reduce greenhouse gas emissions. “Indirectly” is just a blank cheque for any creative government member to write in that this particular action, that particular action, or some other particular action is indirectly consequential to reducing greenhouse gas emissions. It has to be much, much tighter to avoid abuse.

There may come a time when you hold a vote. At that time, I’d ask that it be recorded.

The Chair (Mr. Grant Crack): So granted. Further discussion? Mr. Potts.

Mr. Arthur Potts: The intention of the member’s motion is taken very seriously. I appreciate that there is a wide breadth that could potentially be attached to this. However, we also need the flexibility within the funding mechanisms to allow certain things to happen that will have a reasonable chance of reducing greenhouse gas emissions.

I think in particular, electric vehicles need charging stations. If we don’t develop a charging station network across the province, it will be unlikely that people will be investing in zero-emission vehicles. The same would go with a hydrogen-based fueling system: If we want to get into hydrogen-fueled cars, we have to develop a network of those, which in themselves do not reduce greenhouse gases, but are an essential component of an infrastructure to create an environment where there are zero-emission vehicles.

That’s why we have to maintain this flexibility. We’ll be voting against the motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Well, anytime you give this government a blank cheque, you see the people pay for it.

I can’t imagine why they would be against something with a little more transparency.

Clearly, in the budget, this revenue is just going to the general revenues. They talk about whether you put in charging stations or a hydrogen network, but you can see from that that we have no integrated plan. We have no idea where we’re going. If they really are interested in hydrogen, well, then we should be encouraging pipelines. We haven’t seen that from this government. There’s a network that we have to be building for the future.

The costs here are plainly going to be borne by the user and by businesses. If we look at this as just being another form of tax, they’re already grabbing from the public double the revenue that they got when they came to power. They’re out of money still. Why would we give them a blank cheque just to spend on whatever they want to? That’s what we’re doing here. Instead of admitting they have a spending problem, it’s time they look at where they’re putting it, because this really will put a lot of pressure on our economy at a time when our biggest rivals are not feeling the same issue.

California, to me, is not a big competitor of ours. We have 49 states down there that are advertising every day to attract our businesses. Next thing we’ll see is, “We’re a non-cap-and-trade state.” That will be just another on the list: cheaper property taxes, cheaper electricity taxes, cheaper payroll taxes, and now this is another thing.

So we have to be careful. It’s bad enough that we’re jumping ahead of everybody else. It’s an indicator of just how much they’re out of money. We just can’t let them put it wherever they want it.

If you really take them at their word, where they talk about really trying to have an impact, why is this an issue?

The Chair (Mr. Grant Crack): Well, my apologies: It is 10:15. As a result, I’d like to thank the committee for the great work this morning. We will recess and reconvene at 2 p.m., according to the order of the House, this afternoon. Have a great day.

The committee recessed from 1015 to 1402.

The Chair (Mr. Grant Crack): I would like to call the meeting back to order. This is the Standing Committee on General Government, and we’re here to continue clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas.

Prior to the recess at 10:15 this morning, we were dealing with NDP motion number 39. There had been a request for a recorded vote; however, we were still participating in the discussion component phase. At that time, Ms. Thompson had had her hand up to make comments. She is not with us this afternoon, being replaced by Ms. Martow. So I will ask, prior to calling for the vote, is there any discussion—or perhaps maybe even Mr. Tabuns could reread into the record NDP motion number 39 for us?

Mr. Peter Tabuns: Sure, Chair. I move that paragraphs 1, 2 and 3 of subsection 68(2) of the bill be amended by striking out “or indirectly” wherever it appears.

The Chair (Mr. Grant Crack): Thank you very much. Is there any further discussion on NDP motion number 39? There being none, as mentioned previously, there's been a request for a recorded vote. I shall call for the recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 39 defeated.

We shall move to NDP motion number 40, which is an amendment to subsection 68(2), paragraph 3. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraph 3 of subsection 68(2) of the bill be amended by striking out "expenditures" and substituting "direct costs".

Chair, again, it's in line with the arguments I made earlier today about the need for transparency and the need for the channelling of the funds raised through cap-and-trade directly to the expenditures to reduce greenhouse gas emissions.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote—

Mr. Peter Tabuns: A recorded vote, please.

The Chair (Mr. Grant Crack): —on NDP motion number 40. There has been a request for a recorded vote. I shall entertain that.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 40 defeated.

We shall move to NDP motion number 41, which is an amendment to subsection 68(2), a new paragraph number 4. Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(2) of the bill be amended by adding the following paragraph:

"4. To fund the provision of rebates or tax credits to low- to middle-income households or northern and rural households to assist them in the transition to a low-carbon economy, where the Lieutenant Governor in Council has approved."

Mr. Chair—

The Chair (Mr. Grant Crack): Mr. Tabuns, prior to commencing the discussion, I will declare this motion out of order, as standing order 57 clearly states that a motion that involves money may only be made by a minister of

the crown. As such, it is out of order. So we shall move on.

Mr. Peter Tabuns: And there is no chance that the minister of the crown is going to move this, eh?

The Chair (Mr. Grant Crack): I would leave that to the government side to make comments on.

Mr. Peter Tabuns: I'd say that it's to their advantage to move it, but okay, out of order.

The Chair (Mr. Grant Crack): Thank you very much.

We shall move to PC motion 40.0.1, which is an amendment to subsection 68(2), a new paragraph 4. Mrs. Martow.

Mrs. Gila Martow: I move that subsection 68(2)—

The Chair (Mr. Grant Crack): No, sorry.

Mrs. Gila Martow: I can't even read it?

The Chair (Mr. Grant Crack): No.

Mrs. Gila Martow: Okay.

The Chair (Mr. Grant Crack): It would have to be Mr. McDonell.

Mr. Jim McDonell: I don't have that.

The Chair (Mr. Grant Crack): That should be in there.

Interjections.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(2) of the bill be amended by adding the following paragraph:

"4. To reimburse taxpayers, through income tax relief, for the costs associated with the cap-and-trade program under this act."

The Chair (Mr. Grant Crack): Thank you very much.

Prior to discussion, I must also declare this particular motion out of order, as this motion seeks to direct the allocation of public funds. Pursuant to standing order 57, such a motion shall be proposed only by a minister of the crown and would require a recommendation by passage of the Lieutenant Governor to be passed in the House.

The motion at hand would expand the scope of the bill's existing appropriation by creating additional purposes for which money can be spent. Again, therefore, I rule it out of order.

We shall move to PC motion 41.1, which is an amendment to subsection 68(2). Mr. McDonell.

Mr. Jim McDonell: Okay. I just wanted to see if I could get them back in order.

I move that subsection 68(2) of the bill be struck out and the following substituted:

"Authorized expenditure, taxpayer relief

"(2) Amounts not exceeding the balance in the account may be charged to the greenhouse gas reduction account and paid out of the Consolidated Revenue Fund for the purpose of reimbursing taxpayers, through income tax relief, for the costs associated with the cap-and-trade program under this act."

The Chair (Mr. Grant Crack): Thank you very much, Mr. McDonell. However, I must also rule this particular motion out of order, as per the same reason I had mentioned for the previous amendment. Pursuant to

standing order 57, these types of motions can only be proposed by a minister of the crown. So it is out of order.

Mr. Jim McDonell: I just want to say that we're not talking about any new money; we're talking about the spending of the existing money. Is that still outside of the realm of what we're talking about, where we direct this fund? It's similar to being transparent.

The Chair (Mr. Grant Crack): I'll defer to the Clerk and/or legislative counsel to clarify.

Interjections.

The Chair (Mr. Grant Crack): Mr. McDonell and members of the committee, there are basically two components of standing order 57: New money is included, but also appropriation of funds is covered in there by creating additional purposes. It is on how that money can be spent, so therefore it is out of order.

We shall move to PC motion 41.2. Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(2) of the bill be struck out and the following substituted:

"Authorized expenditure, taxpayer relief

"(2) Amounts not exceeding the balance in the account may be charged to the greenhouse gas reduction account and paid out of the Consolidated Revenue Fund for the purpose of reimbursing taxpayers, through income tax relief, for the costs associated with the cap-and-trade program under this act."

1410

The Chair (Mr. Grant Crack): Thank you once again, Mr. McDonell. However, I must declare this particular motion out of order as well, for the same reasons as I had mentioned previously, with regard to standing order 57 in reference to the allocation of funds. It's identical to the previous motion that I had just declared out of order.

Mr. Jim McDonell: Standing order 57 states that a money motion is a motion that "would impose a tax or specifically direct the allocation of public funds." This is not instituting an additional tax. The bill talks about programs and that this—

The Chair (Mr. Grant Crack): Sorry, Mr. McDonell. Unfortunately—I'd like to hear your point of order with regard to that, but there is no debate when a Chair calls a particular motion out of order. I'm just referring to standing order number 57. Thank you.

We shall move on to NDP motion number 42, which is an amendment creating new subsections 68(2.1) and (2.2). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsections:

"Disproportionately burdened communities

"(2.1) The ministry, after consulting the public, shall identify communities with disproportionate burdens in the transition to a low-carbon economy and adaptation to climate change, with consideration of communities that are disproportionately burdened due to,

"(a) disproportionate impacts of environmental pollution or climate change;

"(b) income, unemployment, housing costs, a lack of access to transit or low-carbon infrastructure, or a lack of control over household emissions; or

"(c) remote, rural or northern location.

"Same

"(2.2) At least 25 per cent of the money flowing into the greenhouse gas reduction account shall be spent on initiatives under (2) that provide direct benefits to communities with disproportionate burdens, and at least 10 per cent of the money flowing into the greenhouse gas reduction account shall be spent within identified communities with disproportionate burdens."

The Chair (Mr. Grant Crack): Thank you very much, Mr. Tabuns. Further discussion?

Mr. Peter Tabuns: Chair, this is consistent with what California has done with their cap-and-trade revenue. They've targeted a substantial portion of that money and the expenditures that are going to be used to fight climate change—targeted them on disproportionately burdened communities.

It's a question of fairness. It's a question of maintaining political support for this bill. It's a question of helping those communities that will have the least amount of cash at hand to actually alter their behaviour or alter the dwellings or the transportation that they utilize. I think it makes sense in terms of the goals of the bill, but it also makes sense in terms of the legitimacy of the action. Unfair legislation will generate resistance and ultimately will undermine the credibility of the legislation.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Further discussion?

Mr. Arthur Potts: We're certainly very cognizant of the impact that this bill will have—the disproportionate impacts on remote or rural or low-income communities—and are empathetic with the intent of the motion. We have worked with the member opposite on another motion which is coming up which I think better addresses low-income initiatives. So we'll not be supporting this motion, but we look forward to discussing 210.5 a little later on, which will achieve much the same objectives.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Ms. Martow.

Mrs. Gila Martow: I'm just wondering why this motion is allowed to proceed—not that I'm criticizing your motion—

Mr. Peter Tabuns: I understand.

Mrs. Gila Martow: —when it's also trying to determine how funds are being allocated.

The Chair (Mr. Grant Crack): I will have the explanation—probably much clearer if we could ask legislative counsel. That's a good question, but there is a reason.

Ms. Hopkins.

Ms. Laura Hopkins: Thank you. I'm not sure that it will be clearer. When a piece of legislation seeks to create an appropriation or to specify the allocation of public monies, there are two dimensions to it. One is the identification of the amount. The amount can be iden-

tified either by a dollar amount or by a description that lets you ascertain the dollar amount. The second dimension is that it states the purpose for which the funds can be spent. With an appropriation, you're always looking for amount and purpose.

If a proposal seeks to make the purpose smaller, to restrict the purpose, that's considered not to be a money initiative. If the proposal seeks to expand the purposes, that is considered to be a money motion. Some of the proposals seek to restrict the proposal and some seek to change it in a way that expands it.

The way that I think of it is this: In a much more informal setting, imagine that your parent gave you \$5 and said, "You can spend this \$5 on ice cream." It's permissible to say, "We'd like to restrict this so that you only spend it on vanilla ice cream"; it's a smaller purpose. If you were to say, "We'd rather spend it on beer," that would be a different purpose and that would attract a money bill conclusion. Or if you were to say, "We would like to also be able to spend it on beer," that, too, would expand the purposes and that would give rise to the money bill conclusion. That's the reason for the difference in the underlying parliamentary principles and principles in law here.

The Chair (Mr. Grant Crack): Thank you. I was just going to say the same thing. I appreciate the input.

Laughter.

Mr. Arthur Potts: Have you got five bucks?

The Chair (Mr. Grant Crack): Thanks for laughing. *Interjection.*

The Chair (Mr. Grant Crack): Very good, thank you. Further discussion? Mr. McDonnell.

Mr. Jim McDonell: Just for a point of clarification, because I thought I understood it better than I did. So you can restrict it to, say, vanilla ice cream. Can you not restrict it to—

Mr. Arthur Potts: Low cal.

Mr. Jim McDonell: I'll give you an example. I'm trying to think of how you'd put it—to a particular direction of where you put the funds? In our case, you're restricting it to programs. Actually you're returning the money to the people in different programs by reducing taxes. Is that not similar to restricting the vanilla ice cream, in a way?

Ms. Laura Hopkins: Redirecting it to a different purpose is more like authorizing it to be spent on beer than restricting it to vanilla ice cream.

The same principles apply during the estimates process to the extent that it's permissible during the estimates process to limit the scope of spending. Within the universe that has already been defined, you're fine. To the extent that what you're looking at is changing the definition of the universe, then it's a problem.

Mr. Jim McDonell: One further comment.

The Chair (Mr. Grant Crack): Thank you. Mr. McDonell.

Mr. Jim McDonell: Other than the clarification, I'll have to get some of that—but anyway, I guess our concern—and I appreciate that the member's trying to return

money to areas that are disadvantaged. We're looking at it as the province being disadvantaged. In the case this morning in question period, we were highlighting people who can no longer pay their hydro bill and are being forced to go to—

Mrs. Gila Martow: Food banks.

Mr. Jim McDonell: —food banks. This is the same type of thing. We see that this is just increasing the number of people who are forced into food banks by taxing them for more of the necessities. Unfortunately, for most people, especially in rural areas, driving to work is a necessity, heating your home is a necessity, and all these will pull in an extra tax. It means there's less money for food and, if you're a business, you're passing it along to the customers and the cost of running a business is increasing.

It's something that our neighbours to the south, other than one state, will not be experiencing for some time and we think it'll just hasten the exodus of manufacturing jobs and other businesses that we've seen over the last 12 years restricted in this province. It's definitely a concern of ours.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Tabuns.

Mr. Peter Tabuns: Chair, just so it's on the record now, I'd like a recorded vote on this.

I have to say, it is correct that I've had a chance to discuss this whole matter with the government. There is another amendment coming that, to some extent, addresses the issue. I think this motion actually does a better job. The nature of compromise is that one compromises and one doesn't get incorporated all the things that one thinks are necessary. I would be very happy if people passed my motions further on but I'd be even happier if they passed this one. I think it would have greater impact. I still urge members of the committee to vote for this motion.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Any further discussion? There being none, I shall call for the vote. There has been a request for a recorded vote by Mr. Tabuns; therefore that shall be entertained.

1420

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 42 defeated.

We shall move to NDP motion number 43, which is an amendment to subsection 68(3). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(3) of the bill be amended by striking out "No amount" at the beginning and substituting "No money".

Again, consistent with the arguments I was making earlier today, Mr. Chair. Should there be a vote, I ask that it be recorded.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Consistent with our arguments against it, we'll be voting against it.

The Chair (Mr. Grant Crack): Further—to Mr. McDonell.

Mr. Jim McDonell: Since we were talking about a sensible solution to ensuring plain language, that encompasses all money that will be related to the cap-and-trade system.

The Chair (Mr. Grant Crack): Further discussion?

There being none, I shall call for the recorded vote at this time.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 43 defeated.

We shall move to NDP motion number 44, which is an amendment to subsection 68(3). Mr. Tabuns.

Mr. Peter Tabuns: I move that the first sentence of the portion of subsection 68(3) of the bill before clause (a) be amended by adding “which shall be promptly published, despite any other act or law” at the end.

Chair, I think it's going to be very important that people understand why a particular initiative has come forward and what the minister has assessed and concluded with regard to the value of any particular initiative.

Again, I think there's a question of transparency, of credibility and of integrity that is going to be very important to defend as this bill and other such bills move forward. I believe that this change is needed for that transparency and that integrity. I will ask for a recorded vote.

The Chair (Mr. Grant Crack): That's fine. Further discussion?

Mr. Arthur Potts: Once again, I appreciate the intent behind the motion. We have been actually listening very carefully to this concern about evaluations being posted in a timely manner. As the member will see, we have a motion coming up at 217 which does just that. It defines “promptly” more specifically: on an annual basis. I think you'll be quite satisfied with that. So we'll vote against this because I think we deal with it better later on.

The Chair (Mr. Grant Crack): Thank you, Mr. Potts. Mrs. Martow.

Mrs. Gila Martow: I'll just say that I'm looking forward to the government's motion addressing the same thing and remind everybody that, in the interests of transparency, people want to know what they're paying for.

The Chair (Mr. Grant Crack): Thank you. Mr. McDonell.

Mr. Jim McDonell: I think it's a small modification to make it mandatory that the ministry publish its statistics to the public about the effectiveness of cap-and-trade, and considering the government's history of back-door deals and lack of respect for the democratic process, we think it's a prudent addition to the bill and we support anything that helps make this government more transparent.

The Chair (Mr. Grant Crack): Further discussion?

There being none, there has been a request for a recorded vote on NDP motion number 44. I shall call for the vote at this point.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 44 defeated.

We shall move to PC motion number 44.1, which is an amendment to subsection 68(3). Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(3) of the bill be amended by adding “and makes the evaluation available to the public on a website of the government” after “Treasury Board” in the portion before clause (a).

The Chair (Mr. Grant Crack): Thank you. Further discussion?

Mr. Jim McDonell: I think we were just looking at adding some transparency with this government and making sure that people are aware of the issues and—no?

Mrs. Gila Martow: It says it's a duplicate.

Mr. Jim McDonell: Oh, okay. Actually it is a duplicate, so we're going to withdraw this one. Sorry.

The Chair (Mr. Grant Crack): Okay. So PC motion 44.1 is withdrawn.

We shall move to PC motion 44.2, which is an amendment to subsection 68(3).

Interjections.

The Chair (Mr. Grant Crack): There are three that are the same. We have withdrawn the first one, and your preference—

Mr. Jim McDonell: We'll take the second one because—

The Chair (Mr. Grant Crack): Very good. So PC motion 44.2, which is an amendment to 68(3): Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(3) of the bill be amended by adding “and makes the evaluation available to the public on a website of the government” after “Treasury Board” in the portion before clause (a).

The Chair (Mr. Grant Crack): Discussion? Mr. McDonell.

Mr. Jim McDonell: The Financial Accountability Officer specifically testified before the committee that he was concerned that he would not have access to the minister's evaluation, so it's about public disclosure of the minister's evaluation. We believe that the accountability officer and the Ontario public should have the right to these documents.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Once again, in the interest of clarity, we are bringing in something very similar, in 217, that addresses those issues. We'll vote against this because it's managed better at a different point in this section.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We'll be looking forward to the government motion, because the amendment is necessary to ensure that the funds of the greenhouse gas reduction account are not abused and are actually to the benefit of the Ontario public.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for a vote on PC motion number 44.2.

Those in favour? Those opposed? I declare PC motion 44.2 defeated.

We shall move to PC motion 44.3.

Mr. Jim McDonell: We'll withdraw.

The Chair (Mr. Grant Crack): It is withdrawn.

Mr. Jim McDonell: Yes.

The Chair (Mr. Grant Crack): Okay. Therefore, we shall move to NDP motion number 45, which is an amendment to subsection 68(3). Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. I move that subsection 68(3) of the bill be amended by striking out "may consider" in the portion before clause (a) and substituting "shall consider".

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Chair, I think that it's not just a question of the minister potentially considering these matters. I think it's critical that the minister actually shall consider these matters. It's my hope that the committee will be able to approve this amendment.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I find the member opposite's argument very convincing, so we'll support this motion.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 45.

Those in favour? Those opposed? I declare NDP motion 45 carried.

We shall move to government motion 45.1, which is an amendment to subsection 68(3).

Mr. Arthur Potts: I'll withdraw that motion.

The Chair (Mr. Grant Crack): The government side has withdrawn government motion 45.1.

We shall move to PC motion 45.2, which is an amendment to clause 68(3)(a). Mr. McDonell.

Mr. Jim McDonell: We will withdraw it.

The Chair (Mr. Grant Crack): PC motion 45.2 is withdrawn.

We shall move to PC motion 45.3, which is an amendment to clause 68(3)(a). Mr. McDonell.

Mr. Jim McDonell: I move that clause 68(3)(a) of the bill be amended by adding "per tonne" after "potential".

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

1430

Mr. Jim McDonell: I think that the collection of sound data is essential to monitor outcomes and measure progress. The standard international measurement of emissions reductions is metric tonnes. The amendment will ensure that the government reporting will meet international standards and provide quantitative data to track overall emissions.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm not convinced that all the reductions will be measured in tonnes, metric or otherwise. Therefore, I think we need to leave this wording after "potential" as it is, in order to capture all greenhouse gas reductions. So we'll vote against this.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I had not spent a lot of time thinking about this one previously, but it's fairly standard in international reporting to talk about tonnes of greenhouse gas emissions. I don't know if the government will answer this, but if you're not going to be measuring in tonnes of greenhouse gas emissions, what other measures are you thinking of talking about?

The Chair (Mr. Grant Crack): Further discussion? Mrs. Martow.

Mrs. Gila Martow: I think that it's somewhat concerning to anybody who reads scientific studies at all. The number one thing has to be that you're comparing apples to apples. We can't compare our emissions or educate the public on what exactly is being accomplished if we're not comparing similar measurement scales.

I don't think the government should even move forward with legislation, if they can't guarantee that there's going to be some kind of standardized testing and reporting and education of the public. Otherwise, really, what's the point here?

It's a little bit like this morning. It was interesting to hear the Minister of Energy talk about the percentage of increases in costs of electricity in provinces. Well, you can talk about the percentage of increase, but if their energy costs are already lower than ours and if they're increased more than ours, theirs could still be lower than ours.

I think that the public is a little jaded when it comes to a lot of these things. They see headlines and they don't even read the articles because they're so disappointed when they do. The public in Ontario is actually quite educated and wants to be able to see the data and make the decision on their own. They don't want to be fed talking points.

Give them the data, decide how you're going to measure it and ensure that it's a level playing field, or please don't proceed.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mrs. Gila Martow: How could you go after that?

Mr. Jim McDonell: Well, I just wanted to repeat parts of it.

We've seen time and time again where slight differences have led to different statements being made by the government. Actually, when you're looking at a definition of misleading people, that falls in that category.

I think that you want to be upfront and very clear that we're talking about standard units that everybody around the world has adopted as a standard. It takes away that opportunity to see some of these misleading statements. It's very hard to compare different units for most people.

The Chair (Mr. Grant Crack): Okay. Thank you very much. I'm not going to ask you to withdraw, but just to caution members, there are certain unparliamentary words that we sometimes use here that the Chair would actually have to call out and ask for a withdrawal. I won't do that at this point, but I'll just caution members to stay parliamentary, please.

Mr. Potts.

Mr. Arthur Potts: The point is taken that the international standard is per tonne. All the credits and the assessments will all be on tonnage basis. I think that that's effectively implied.

What we're really talking about is the potential of greenhouse gas reduction, which, for argument's sake, will be in tonnes. If you go to the other sections in this, "other potential, planned and funded initiatives to reduce greenhouse gas"—for all those things, the assumption is that they're going to be measured in a tonnage sort of way, but it speaks to "potential" and "achieved" and other such matters.

I don't think that this is varying from the international standards. That's how the carbon credits will be relayed, paid, bought and traded etc. I just don't see the necessity of making that change here. It would refine it down in a way that I don't think is necessary.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for a vote on PC motion number 45.3.

Those in favour? Those opposed? I declare PC motion 45.3 defeated.

We shall move to NDP motion 46, which is an amendment to clause 68(3)(a). Mr. Tabuns.

Mr. Peter Tabuns: I move that clause 68(3)(a) of the bill be struck out and the following substituted:

"(a) the potential and estimated greenhouse gas emissions reductions of the initiative;"

As you're well aware, Mr. Chair, there's always the possibility that a potential will not be fully realized. There may be a potential to cut emissions by hundreds of thousands of tonnes, but the estimate may be that only tens of tonnes will be reduced. I believe that all of us need to know not only what the potential reduction is in a

particular area or with a particular measure; what the estimated reductions are going to be also needs to be known and needs to be made available to those who are interested in the initiatives under way.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We believe that this amendment will strengthen the transparency of the bill. As previously stated, we support any gestures to strengthen this bill as far as transparency in the government goes.

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: I think adding "estimated," with respect, is, again, redundant. "Potential" will include all aspects of estimated, realized—it's going to be part of the ministry's and the minister's review. "Potential" means exactly that: that which is achievable, that is potentially achievable, that was estimated as being achievable. I think it all falls under the same rubric.

We will not be supporting this motion.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I would have to disagree. There's a fair bit of difference between "potential" and "estimated." There are a lot of potential targets that, for many reasons, we do not try to attempt. We have a plan that will put us on a target to meet an estimated return. That's really what the people want to know: They want to know, what is the plan of the government, where is it going to—not necessarily knowing what the total potential is, because in theory the potential is going down to zero, which, I don't think anybody would disagree, is not where we want to go.

The Chair (Mr. Grant Crack): Further discussion? There being none, there has been a request for a recorded vote. I shall call the vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 46 defeated.

We shall move to NDP motion 46.1, which is an amendment adding a new clause 68(3)(d.1). It's in your extra package that the Clerk has distributed. Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(3) of the bill be amended by striking out "and" at the end of clause (d) and adding the following clause:

"(d.1) whether the initiative is also likely to assist low-income households and vulnerable communities with their transition to a low-carbon economy; and"

Chair—

Mr. Arthur Potts: I'm sorry.

The Chair (Mr. Grant Crack): Just prior, Mr. Tabuns, I think there are some clarification issues here.

Mr. Arthur Potts: On (d.1), I'm not seeing—oh, do you know what? This is the new bill, isn't it? There it is. It snuck in there. My apologies; I'm looking at a different (d.1).

The Chair (Mr. Grant Crack): Okay. It's motion 46.1, which is an amendment adding a new clause 68(3)(d.1). Mr. Tabuns has read it into the record. Would members of the committee prefer that it be read again?

Interjection: Yes, please.

The Chair (Mr. Grant Crack): Mr. Tabuns, would you be so kind?

Mr. Peter Tabuns: I'm happy to do it.

I move that subsection 68(3) of the bill be amended by striking out “and” at the end of clause (d) and adding the following clause:

“(d.1) whether the initiative is also likely to assist low-income households and vulnerable communities with their transition to a low-carbon economy; and”

1440

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: This adds to the criteria that the minister will be using to evaluate any particular initiative for reducing greenhouse gas emissions. Hopefully, it would raise the profile of those initiatives that would help low-income households and vulnerable communities.

Again, I thought my earlier motion was a stronger one, but this one would help in raising the profile of these initiatives and, hopefully, ensuring that more of them are adopted than not. I think that, again, if we're going to have a bill that's fair, this has got to be part of developing that fairness.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: While I commend what the member is trying to get to, we're just worried that the passage of this bill is only going to add to the number of low-income households and to the number of people that are affected, by reducing the amount of income that's available to our people. We see residents now that not too many years ago had more than enough money to handle the necessities, but today those necessities have all gone up terrifically. Hydro rates are the steepest increases on the continent. We see people who can no longer afford them, and we see use of the food bank up. This bill will only increase those numbers.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: This is the piece I was speaking about earlier where we have been in discussions, and I believe this gets at the initiatives. We can respect the disproportionate impact on low-income rural neighbourhoods, and the minister shall consider these things under our previous amendments, so we'll be supportive of this.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall for the vote on NDP motion 46.1.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): This is a recorded vote.

Ayes

Hoggarth, Malhi, McDonell, McMahon, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): There are none opposed; therefore, I declare NDP motion number 46.1 carried.

Mr. Peter Tabuns: Thank you, Chair.

The Chair (Mr. Grant Crack): You're welcome.

We shall move to NDP motion number 47, which proposes new clauses 68(3)(d.1), (d.2), (d.3) and (d.4).

Mr. Peter Tabuns: I move that subsection 68(3) of the bill be amended by striking out “and” after clause (d) and by adding the following clauses:

“(d.1) a timeline of when such reductions are expected to be achieved;

“(d.2) an assessment of the cost per tonne of the potential reduction in greenhouse gas;

“(d.3) the estimated or suggested amount of any funding from the account that may be contemplated;

“(d.4) any other economic, health, safety, environmental, social and economic benefits associated with the initiative; and”

Chair, the idea is to have more detailed considerations incorporated in the minister's thinking when the minister is considering matters to be incorporated into the greenhouse gas reduction initiatives, and, frankly, in the hope that eventually this material will be made public, giving the public greater information for them to make their assessment of the value of a particular initiative.

I'd like a recorded vote when we get to that.

The Chair (Mr. Grant Crack): Certainly, sir.

Further discussion on NDP motion 47? Mr. McDonell.

Mr. Jim McDonell: This motion outlines additional criteria that the government would need to consider when allocating funds from the greenhouse gas account. We are supportive of many elements of this amendment, particularly the subsection that would require the government to evaluate the cost per tonne of potential reductions of greenhouse gases. However, the PC caucus is fundamentally opposed to the idea of diverting funds to general revenue, as it will only create another slush fund for this Liberal Party.

Again, we feel the amendments being brought forth by our PC caucus would better address the issues of openness and transparency. In particular, we feel that subsection 68(3) should be entirely repealed so that the funds for cap-and-trade can be used for tax relief instead.

The Chair (Mr. Grant Crack): Further discussion? Ms. Martow.

Mrs. Gila Martow: I think I'm not the only one here who hears often from people complaining that they already pay an enormous gas tax at the pumps, and they want to know where that money is going. They ask, and they don't get any answers. Some people take the time to

even write the appropriate minister to ask where exactly that money is going.

I think the big concern here is that we're raising that gas tax even higher, and we want to ensure that we're not completely losing sight of where the money is going, what its purpose is and how to provide that information to the public.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Can I have a clarification? The previous motion we adopted created a new subsection (3)(d.1). Is this going to eradicate (d.1), or does it create a new (d.1a)?

The Chair (Mr. Grant Crack): I'll ask legislative counsel to clarify that. Good question.

Ms. Laura Hopkins: The numbering is very confusing. There is no relationship at all between this proposed amendment and the previous proposed amendment, although it's inconvenient that they have the same clause numbers. When the bill is reprinted, legislative counsel would editorially correct the numbering. So this would become (d.2), (d.3), (d.4) and so on. But there's no relationship between this proposed amendment and the previous one.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: My discussion may be moot anyway because we're going to vote against this. I believe that the action plan will contain all the information that's being requested here and there's no point in codifying it in this section of the bill. The minister will have the ability to consider additional matters. So we'll vote against this, but this is a good indication of what some of the substance will be in the climate action plan of all the different initiatives that will come forward. So it's great to see it here, but it doesn't have to be in this section. We'll vote against it.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: Hearing the comments, it does concern me, because this is nothing less than an additional tax. This government has made a career of adding taxes. They're now double what they were when they came in. This is a substantial new tax, probably one of the top three that they created, behind the health tax and the HST. People are being taxed to death, as I hear at home. There's a lot of unparliamentary language I can't use, from what I hear when I get home, but people are getting fed up, and they need to see that there's some relief coming forward. They see this as nothing more than another tax grab.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Yes. I have to say, Chair, that I went through the last round of climate action plans. The things that I've noted here in this amendment weren't addressed in those. It would be nice to think that in the new climate action plan these precise details were addressed. I think it would make it a lot stronger if that was in the bill so that future governments—assuming that this one does as the member has said they will do—would actually continue to be very clear about what's expected, what the timelines are and what the expenditures are going to be.

The Chair (Mr. Grant Crack): Further discussion?

There has been a request for a recorded vote as well, so I shall entertain that and we shall get ready to vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 47 defeated.

We shall move to PC motion 47.1, which is an amendment to subsection 68(3). Mr. McDonell.

Mr. Jim McDonell: We're withdrawing this one. It's a duplicate.

The Chair (Mr. Grant Crack): PC motion 47.1 is withdrawn.

We shall move to PC motion 47.2, which is an amendment to subsection 68(3). Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(3) of the bill be repealed.

The Chair (Mr. Grant Crack): Any further discussion?

Mr. Jim McDonell: We would like to see the use of the cap-and-trade funds for tax relief. We feel that this amendment would allow the government to do that.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Yes. The opposition may or may not comment on this, but if I understand correctly, what they seem to be aiming for is a bill similar to British Columbia's carbon pricing initiative, and I should just note that British Columbia is not meeting its climate targets either for 2015 or 2020. So I don't quite see how this actually aids the climate initiatives that the province has to engage in.

1450

The Chair (Mr. Grant Crack): Mr. Potts.

Mr. Arthur Potts: I'm glad the member, Mr. Tabuns, made that comment. I would have made the same. It really just shows that the official opposition's approach to this is to try to denude the bill of any effect it will have in being an effective carbon change mechanism. I'm not surprised, but we'll be voting against it for the obvious reason that if they had their way, it wouldn't work.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: I've seen the comments on the BC carbon pricing. There's no question that pricing carbon to have the effects that really are being looked at must be much higher. I think that's what's being blamed for BC not reaching their targets, because certainly they have reduced the amount of carbon greatly that they've used over the years. Of course, like anything else, if you want to get—these targets are very lofty, and if you want to get to that you've got to price the carbon appropriately.

That's a step-by-step process, so I imagine we'll see some changes out there.

Again, they have returned the money to the people. They're making life affordable for the people who have trouble when the price of food goes up, the price of gas goes up and the price of all our services goes up. It's a tax on the way we live, so we want to make sure that it's compensated and it's just not more money into a pot that just disappears overnight like we see—this budget every year now up to about \$135 billion.

The Chair (Mr. Grant Crack): Ms. Martow.

Mrs. Gila Martow: I think that we're seeing a lot of cuts in education and health care. People are realizing that they need money to pay for these things out of their pocket. What I would question is the member opposite: how holding on to the money and not making it transparent effects climate change.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 47.2.

Those in favour? Those opposed? I declare PC motion 47.2 defeated.

We shall move to PC motion 47.3. Let's take a few minutes to make sure we have it. It's in your extra packages that have been distributed.

Mr. Arthur Potts: It's a duplicate of the previous two motions, one that we just defeated. So it's out of order, is it not?

The Chair (Mr. Grant Crack): I don't have it as a duplicate. They technically achieve the same goal, however.

Mr. Jim McDonell: We'll withdraw it.

The Chair (Mr. Grant Crack): Okay, thank you. I was trying to let things take their course. PC motion 47.3 has been withdrawn.

We shall move to NDP motion 48, which is an amendment proposing a new subsection 68(3.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsection:

"Further restriction

"(3.1) No amount is payable under subsection (2) with respect to a program that is already funded outside the greenhouse gas reduction account."

Chair, I'm moving this motion because I'm worried that the funds that are collected under cap-and-trade may in fact be used for reimbursing the government for programs or initiatives that were carried out before this bill came into effect.

The understanding of the need for such a bill is that we need to take on additional projects and do additional work to actually bring climate change under control. If we're simply reimbursing the government for projects that were previously carried out, we aren't advancing the goals that this bill is supposed to be addressing.

I note that part of the Green Bonds that the government issued in February of this year were used to pay for a hospital that was completed in Hamilton in December 2014. I'm not sure why we're using Green Bonds to fund hospital development in Hamilton. It's not a bad thing to

do. I think the hospital facility was probably needed. But it's an example of the kind of games that one can engage in if there are no restrictions on the use of the money. It wouldn't advance greenhouse gas action to be taking all of the money that's collected under cap-and-trade, reimbursing the government for actions already taken and, frankly, then just giving the government some money that it can play with. It doesn't make sense to me.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: There are some investments that we are making, particularly through the Green Investment Fund, that we made in the last budget, which, clearly, were made beforehand, but it was perceived and it was argued as a down payment against proceeds that were coming. Those kinds of investments, which were designed specifically for greenhouse gas reduction initiatives—such as the money we're putting into charging stations for electric cars across the corridor—were previously made.

It's our intention, obviously, that we're going to use all of the new funds for new programs and that—even though it was an expenditure out of the last budget, before the adoption of this bill—is still to be considered a fund. We'll have to vote against this, but we get the point. This is all about doing initiatives that are going to reduce greenhouse gas and not to pay for already funded initiatives.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: I just note, Chair, that—I'll take the member at his word—if the government wanted to do that, they could have specified "with the exception of refunding for these specific projects." As it is, things are wide open. I have to say, this minister or a future minister will be under huge pressure to move money out of the cap-and-trade account, the greenhouse gas reduction account, to help other ministers and other departments that need cash. To the extent that we protect the integrity of the bill and the greenhouse gas reduction account, we allow the minister of the day or the future minister to actually do what they're supposed to do with this money.

The Chair (Mr. Grant Crack): Ms. Martow.

Mrs. Gila Martow: I think that it's a little jaded if we're collecting money from the people of Ontario for reducing emissions and that money is being played with. For example, it's already been suggested by this government that they may use some of the funds to build infrastructure in order to get to some of these projects. That's infrastructure that was needed anyhow for those areas of the province.

I think that we really have to show the citizens of Ontario that we're serious about this and that we're actually collecting the money for a purpose. We have to be very specific. By not agreeing to being more specific, it makes the public even more jaded, not less jaded.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: Well, I think we only have to look at this year's budget. If you go back two budgets ago, when they were talking about, during the election,

the same infrastructure spending, it had no gas tax included in the general revenue. According to their documents, this infrastructure funding was all funded out of the cash flows that they showed.

They also guaranteed during that election that they wouldn't be instituting a cap-and-trade tax. Now we see, all of a sudden, that it's required to meet their requirements. That just goes to say that we see them using this as general revenue. I mean, why you would need—when you're collecting \$65 million more than when you came to power, more than double, and you still need to apply another tax to actually do your basic spending.

I don't know why they wouldn't buy this. They're talking about creating a fund for initiatives for strictly the greenhouse gas reduction. On the other hand, we see that, really, they want to create their own slush fund and have the ability to spend it wherever. The hospital in Hamilton is a great example of the tricks we find this government doing. It's only through some keen investigative work that we find these issues out. I guess they have a lot more people trying to find places to hide the money they're collecting.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 48.

Mr. Peter Tabuns: A recorded one.

The Chair (Mr. Grant Crack): There is a request for a recorded vote. That shall be entertained.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 48 defeated.

1500

We shall move to Mr. Potts's motion number 48.1, which is a proposal of a new subsection 68(3.1). Mr. Potts.

Mr. Arthur Potts: I will withdraw that motion at this time.

The Chair (Mr. Grant Crack): Mr. Potts's motion 48.1 is withdrawn.

We shall move to PC motion number 48.1.1, which is a proposal for a new subsection 68(3.1). Mr. McDonell.

Mr. Jim McDonell: That is a duplicate and we will withdraw that, too.

The Chair (Mr. Grant Crack): PC motion number 48.1.1 is withdrawn.

We shall move to PC motion number 48.1.2, which is an amendment proposing a new subsection 68(3.1). Mr. McDonell.

Mr. Jim McDonell: I move that section 68 of the bill be amended by adding the following subsection:

"Minister's evaluation

"(3.1) The minister's evaluation mentioned in subsection (3) shall contain a detailed summary of the financial costs that the initiative will have on the government and the municipalities, businesses and members of the public affected by the initiative."

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Time and time again, we have seen this government fail to consider the costs of its policies. The Liberals have a regulatory policy that requires all regulations to undergo a thorough impact assessment, yet they ignore it every time. The Green Energy Act, for example, was rammed through this Legislature with no consideration of the effect on the electricity bills of Ontarians. We see that very clearly in report after report from the Auditor General, who identifies that there was no cost-benefit analysis done of that bill. To stop a repeat of the Green Energy Act, it's important to set legal requirements for the government to think before it regulates.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm not seeing the need for having this additional step, process or delay in the minister's evaluation, so we'll vote against it.

The Chair (Mr. Grant Crack): Thank you very much. Mr. McDonell.

Mr. Jim McDonell: I'm somewhat disappointed and surprised that they don't want to support our amendment here because really if you're looking at the cost-benefit analysis of this regulation and this act that we're putting through, I think it's important to consider.

We see time and time again where we're now no longer competitive in the market. We're very much afraid that this is just more of taking money out of the economy. Because if one thing is for sure, it's that the government is never as efficient as the private sector for spending money. We just see that it's more of a slush fund with no regulations about where they spend it, how they spend or how much they take.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote on PC motion 48.1.2.

Those in favour? Those opposed? I declare PC motion 48.1.2 defeated.

We shall move to government motion 48.1.2.1, which is a proposal for a new subsection 68(3.1), which is in your new package. Mr. Potts.

Mr. Arthur Potts: I move that section 68 of the bill be amended by adding the following subsection:

"Public notice re: evaluations

"(3.1) At least once during each fiscal year, the minister shall make a report available to the public about the evaluations provided under subsection (3) to Treasury Board during the year with respect to initiatives that are funded from the greenhouse gas reduction account."

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: This is the motion I was speaking to earlier when we voted down earlier motions from the PCs, where we recognize the need that the minister should have a detailed accounting of the evaluations that were taking place. This is the issue that the financial accounting officer was putting before us. He wanted to see the assessments of what was being put to the Treasury Board so that he could do a proper assessment of them. I think this meets that objective. From our discussions with the Financial Accountability Office, this is what they were looking for. We're pleased to put this thing forward.

The Chair (Mr. Grant Crack): Thank you. Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I would say, Chair, that a report about the evaluations is unlikely to be as detailed as the evaluations themselves. It would be useful to know if the government is saying that all the evaluations will be bound together and incorporated into this report or whether this will be simply a summary of the evaluations.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: It's a fair question. There has to be a balance here between cabinet confidentiality of the various programs that are being evaluated and the ones that have been chosen through the cabinet process to go forward. For the ones that are in front of them but don't go forward, it's unlikely to see details about those. But for the ones that go forward, the ones that the public are paying for, that's where the accountability will be.

There will be a very clear understanding for the Financial Accountability Officer of where the decisions were made. That's the kind of information that he needs to move forward with, not the speculations and other things that may have been in front of cabinet committee or the Treasury Board, because that's subject to confidentiality discussions.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Yes, I'm somewhat concerned. We talk about the wording of it: "make a report available to the public about the evaluations provided under subsection (3) to Treasury Board..." Nowhere does it talk about 100% of the programs being referred back. It's just talking about a report of the evaluations that are provided to the Treasury Board.

There's some concern. I don't think that it really ties the government to ensure that every dollar that is spent from this greenhouse gas reduction account is actually accounted for to the public, and what the purpose is and who received these funds.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Just to begin, it's a fair question. But if the member looks, it will give details of all the initiatives that are funded. For every dollar that comes out of that plan, you will understand why it came out and under what project it came out. That's the important con-

sideration here. I think that you'll be very satisfied with that end result.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 48.1.2.3.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Mr. Peter Tabuns: Sorry, 48.1.2.1?

The Chair (Mr. Grant Crack): What did I say?

Mr. Peter Tabuns: You said 48.1.2.3.

The Chair (Mr. Grant Crack): Let's do that again: government motion 48.1.2.1.

Mr. Peter Tabuns: Okay. We're on the same page.

The Chair (Mr. Grant Crack): I would like to thank Mr. Tabuns for pointing out that slip of the tongue.

I'll call for the vote. It's recorded.

Ayes

Hoggarth, Malhi, McMahon, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare government motion 48.1.2.1 carried.

Mr. Peter Tabuns: Chair, before you proceed, could we have a five-minute break?

The Chair (Mr. Grant Crack): There has been a request for a five-minute break. Granted. Five-minute recess: It is now 3:07. We'll see you at 3:12 or 3:13.

The committee recessed from 1507 to 1515.

The Chair (Mr. Grant Crack): Okay, everybody. It's 3:15. Mr. Tabuns's five minutes turned into seven. I shall call the meeting back to order.

Mr. Lou Rinaldi: You're too generous, Chair.

The Chair (Mr. Grant Crack): I was just thinking of you, Mr. Rinaldi.

We are back at clause-by-clause consideration. We are at PC motion 48.1.3, which proposes a new subsection, 68(3.2). Mr. McDonell.

Mr. Jim McDonell: I move that section 68 of the bill be amended by adding the following subsection:

"Restriction re: renewable energy projects

"(3.2) No amount is payable under paragraph 2 or 3 of subsection (2) with respect to initiatives described in subparagraph 1 i of subsection 1(1) of schedule 1 to this act unless demand for renewable energy exceeds its supply."

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: The Auditor General revealed that this government has already wasted \$9.2 billion on renewable energy that we don't need. This government is now trying to hand even more money to this industry, and we believe that no funding should be awarded to the renewable energy sector unless energy demand exceeds the current supply.

We see this—we are now paying so much for energy. We're paying our neighbours to take the energy that we don't need. We've got contracts in place that do not

allow the flexibility for us not to take the power if we don't need it. We're overflowing our dams and letting the water—the potential energy is wasted. Nuclear power: We're blowing off steam, but that steam has to be paid for. So we're not saving any money. We see, just last month, or, I guess yesterday, the price of electricity going up because we're not using all the hydro that we're purchasing and, of course, somebody has got to pay for it. You can give away all you want, but the government contracts that have been put in place are requiring that top dollar be paid for this energy. It's hurting our industry; it's hurting the small person—the lower-income people who now are forced to choose between—it's easy to say, “heating your home or eating,” but if you decide not to pay your hydro bill, then you all of a sudden get hit with a large bill down the road to reconnect. It just goes to show the fact that we do not have an integrated plan that really looked at the overall cost of where we're trying to go. The PCs kicked off the closing of the coal plants—the power was there. But now we've certainly oversupplied ourselves with unneeded energy.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, thank you. I'm a little concerned about this motion because the notion that you have to wait for demand to exceed supply means you may be too late and you've missed an opportunity. I'm reminded of what Sir John A. Macdonald used to say about drinking gin: “Sometimes a little bit too much is just the right amount”—the notion being there that, in any kind of supply system, you want to make sure you have enough to fill demand and there will be a little excess on the fringes.

So we'll be voting against this motion. It's too restrictive.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: Yes. I'll have to clarify that the quote from Sir John A.—of course, he was listening to the Liberal government, so a little extra gin was always worthwhile.

The Chair (Mr. Grant Crack): Further discussion? I shall call for the vote on PC motion 48.1.3.

Mr. Jim McDonell: I'd like a recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

McDonell.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare PC motion 48.1.3 defeated.

We shall move to government motion 48.2, which is an amendment to subsection 68(3.1). Mr. Potts.

1520

Mr. Arthur Potts: I will be withdrawing that motion.

The Chair (Mr. Grant Crack): Mr. Potts has indicated withdrawal.

So just for clarification for members of committee, the only time we would withdraw a motion is once it's been moved. So if, at any time, members of the committee would like to not move a motion, just please indicate, “We will not be moving that particular motion,” as opposed to using the word “withdraw,” because there are two distinct definitions of those in legislative parliamentary procedure. Is that fair?

Mr. Arthur Potts: Fair enough.

The Chair (Mr. Grant Crack): I shall try to guide you as we move forward.

Interjection.

The Chair (Mr. Grant Crack): A point of clarification: Mr. McDonell.

Mr. Jim McDonell: I'm not sure, but most of the withdraws are because the same one has been moved, sometimes three times. Is it just emailing, that we sent the same things? I'm just wondering why. It happens quite a bit, just in the way the system has worked.

The Chair (Mr. Grant Crack): We'll allow the Clerk. She'll probably provide clearer definition on that, as to why there are so many of the same motion.

Mr. Jim McDonell: I see that one time the same amendment went through three times in a row. It must be something—or maybe it was amended. I'm just trying to figure out why that would happen.

The Clerk of the Committee (Ms. Sylwia Przewdziecki): These are all the filed motions; they're not moved until you've put them on the record. The package contains the motions that were filed with my office relating to this—

The Chair (Mr. Grant Crack): Sorry—and then subsequently, there would be more motions forwarded and you've duplicated them? And she has to add that.

The Clerk of the Committee (Ms. Sylwia Przewdziecki): Yes. Our policy is never to remove motions from a package. So if a package is filed and a subsequent package is filed, I wouldn't take the initiative to take some out and put some back in; I would just simply add the second package.

Mr. Jim McDonell: Okay.

The Chair (Mr. Grant Crack): Thank you very much. Moving along, we shall move to NDP motion 49, which is an amendment proposing a new subsection, 68(3.2). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsection:

“Further restriction

“(3.2) No amount is payable under subsection (2) with respect to a program that is not included in the climate action plan.”

Chair, again, this is an attempt to ensure that the funds that are paid out of the cap-and-trade revenue actually go to elements in the climate action plan, actually go to greenhouse gas emission reductions. My assumption is

that the climate action plan will express in a comprehensive way everything the government wants to do with climate action. So there's no reason that one wouldn't restrict funding to those things that are not in that plan. It strengthens the hand of the minister; and I think, given the pressure from all the other ministers and ministries, whoever is the Minister of the Environment and Climate Change will need as much support as they possibly can get to stay focused on their goal in this area. This also means that the expenditure of funds will have gone through a process of evaluation and comparison with all of the other options for which the money could be used. It means that the utilization of the funds will be more transparent to those who are concerned about this matter.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: In a way, this takes us back to our discussion of 68(1), about what the amounts could be used for. We had a motion that would remove enforcement. I read this motion as saying, once again, that it would take our ability to use these funds to administer and enforce the bill and make it impossible for us to use those funds. Part of the plan is to have the whole accounting system accountable throughout. Therefore, we can't support the motion.

Interruption.

Mr. Lou Rinaldi: Maybe it's me.

The Chair (Mr. Grant Crack): I think we have a ghost. I'll be calling the Sergeant-at-Arms, Mr. Rinaldi, to come and confiscate that phone.

Thank you, Mr. Potts.

Mr. Lou Rinaldi: Sorry.

The Chair (Mr. Grant Crack): It's okay. It happens. Further discussion? Mr. McDonell.

Mr. Jim McDonell: I'm not sure why there would be any resistance to this motion, because really the government is very clear: They want to make sure that they're funding programs within their climate action plan, which can be amended, I'm sure, at any time, through regulation. So if it's not worthy of adding a program to the climate action plan, where really the public can see it and there's some scrutiny to it, I'm not sure why it would be payable or there would be any funds from this cap-and-trade going to any program that they didn't see fit to put in the climate action plan. So we support this. We think it adds transparency. It allows the public to see what plans that, rightly or wrongly, this government or any government in the future is proposing to support. It makes it subject to some scrutiny, it adds clarity and it just seems to be all the things that this government talks about wanting to do, so I'm not sure why they wouldn't follow through.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Tabuns?

Mr. Peter Tabuns: I would just say to the member from Beaches–East York that if the government wanted to cover the cost of enforcement of the funds for climate action, it would list them in the climate action plan and thus everyone would be fully aware of how money was

being spent. If it's spent and it's not listed in the climate action plan, it may be more difficult to trace exactly what money is being spent on. I don't see having a statement in the plan as an insurmountable obstacle to having flexibility; it just means that everything is visible and assessable in one document.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: I will ask for a recorded vote when we get to it.

The Chair (Mr. Grant Crack): Okay, sounds good. Mr. McDonell?

Mr. Jim McDonell: It brings up—we don't go back very far. Certainly within my time at this—where we had a commitment from the government of the gas plant movement being something as little as \$40 million. We added everything up, after much investigation by the two opposition parties at the time, and there was well over a billion dollars. So I think that making sure that we only spend money on something that's published and can be tracked down is certainly worthwhile.

The Chair (Mr. Grant Crack): Thank you. Further discussion? There being none, there has been a recorded vote request. I shall entertain that. We are ready to vote on NDP motion 49.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 49 defeated.

We shall move to Mr. Potts's motion 49.1, which is an amendment proposing the new subsection 68(3.2). Mr. Potts?

Mr. Arthur Potts: I will withdraw.

The Chair (Mr. Grant Crack): You're choosing not to move it?

Mr. Arthur Potts: I'm choosing not to move it.

The Chair (Mr. Grant Crack): Thank you very much for the clarification.

Mr. Arthur Potts: Sorry; thank you. I'm choosing not to move it.

The Chair (Mr. Grant Crack): All right. We shall move to NDP motion number 50, which is an amendment proposing a new subsection 68(3.3). Mr. Tabuns?

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsection:

"Financial Accountability Officer

"(3.3) The Financial Accountability Officer under the Financial Accountability Officer Act, 2013 has the right to access the minister's review and evaluation under subsection (3)."

Chair—

The Chair (Mr. Grant Crack): Excuse me, Mr. Tabuns. Before you proceed, it's my duty to call this

motion out of order. This motion seeks to introduce elements that are beyond the scope of the bill. An amendment may not seek to accomplish indirectly what it cannot accomplish directly. This motion appears to me to propose an indirect amendment to the Financial Accountability Officer Act, which sets out the access-to-information provisions for the Financial Accountability Officer. So, as I mentioned, I declare this motion out of order.

We shall move to NDP motion number 51, which is an amendment proposing a new subsection 68(3.3). Mr. Tabuns?

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsection:

“Financial Accountability Officer

“(3.3) The minister’s review and evaluation under subsection (3) shall be structured in such a way as to maximize accessibility to the Financial Accountability Officer under the Financial Accountability Officer Act, 2013.”

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: I know that we aren’t debating my previous motion. The Financial Accountability Officer has certain powers that are prescribed in the Financial Accountability Officer Act. This is simply meant to ensure that those powers are not limited or abrogated in any way by the bill that we’re considering today.

The Financial Accountability Officer made it clear in his presentation to us that accessing this information was critical to him actually carrying out his duties. He suggested that should there be concern about cabinet confidentiality, the reports that are going to be submitted to the Treasury Board about projects could be structured in a way that protected cabinet confidentiality and gave the FAO the appropriate access.

1530

The member for Beaches–East York has previously said that the only ones that will be considered or will be reported on will be those that actually go forward. I have to say to you that if you look at a body of recommendations that come forward to the Treasury Board or cabinet, some may be more effective than others, and some that may be effective may not go forward, at which point one starts to ask questions as to what exactly happened. Why did an effective initiative get sidelined, and another less effective or ineffective initiative go forward?

I think it’s going to be important for the FAO and for the Legislature to carry out their duties to have this amendment, this motion, adopted by this committee and incorporated into the bill.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: We heard very clearly what the Financial Accountability Officer wanted and we discussed it in the two previous motions, which I think addressed the substantive concerns. It shouldn’t be his role to be getting into the details of a cabinet committee discussion. It doesn’t become the business of the government until it has been approved by the government, and

that’s where his judgment about what the best output of money and results would come from will be in the documents that are from him and that have been approved through the process.

So we’ll vote against this. I think we will continue to work with the Financial Accountability Officer to make sure he or she has all the information needed to make the analysis necessary based on the initiatives that are moving forward.

The Chair (Mr. Grant Crack): Thank you. Mr. McDonell?

Mr. Jim McDonell: Well, certainly we have concerns about the lack of powers of the Financial Accountability Officer. It’s not that long ago where, I believe, all of the independent officers signed a letter asking this government to go back on its restrictions that were imposed either in last year’s budget or the year before. We heard him very clearly say that he would not be able to fulfill his role of pricing up some of the programs to make sure that what the government is proposing actually makes sense. I guess there have been many, many cases over the years where we’ve seen they don’t make sense, or at least that the end result is that programs are much more expensive.

You can imagine what might have happened if he had reviewed the movement of the gas plants. We might have saved over a billion dollars, because I’m sure that—if I give the government some credit, I would assume they wouldn’t have moved ahead if they had ever thought it would come out to anywhere near where it is, especially when we’re building a plant like we are in Bath where, the year before, they were using less than 1% of the power capacity there because we just don’t need the power. We’re duplicating another plant there. It really makes you wonder why—it adds considerable costs.

We think it’s important that the Financial Accountability Officer be able to provide information on government programs to ensure that we’re getting value for our dollar.

The Chair (Mr. Grant Crack): Thank you. Mr. Tabuns.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): Certainly. Further discussion? There being none, I shall call the recorded vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 51 defeated.

We shall move to NDP motion number 52, which is an amendment to subsection 68(4). Mr. Tabuns?

Mr. Peter Tabuns: I move that that subsection 68(4) of the bill be amended by striking out “expenditures” and substituting “direct costs”.

Chair, this is consistent with the arguments I made earlier today about transparency and about the need to make the accounting easy to follow. “Direct costs” is a much finer category than simply “expenditures.” This is where the language needs to move on this bill to protect its integrity and credibility.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, I think the word “expenditures” is keeping this consistent with the other words throughout the bill. We’ll vote against this motion accordingly.

The Chair (Mr. Grant Crack): Further discussion? Mr. Tabuns.

Mr. Peter Tabuns: Just a recorded vote when it comes to it.

The Chair (Mr. Grant Crack): Mr. Tabuns has requested a recorded vote. No further discussion? Then I shall call the recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 52 defeated.

We shall move to NDP motion number 53, which is an amendment to subsection 68(4). Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. I move that subsection 68(4) of the bill be amended by striking out “November 1, 2015 and before this section comes into force” and substituting “January 1, 2017.”

Chair, this is consistent with the recommendations of environmental NGOs—in particular, Environmental Defence—whose interest here is to ensure that the funds that are raised are spent on new additional projects that actually advance the project of containing and slowing global warming.

The looser the language is here, the more likely it is that the funds will be expended on projects that have already been covered by the government or be used for projects that have very little relevance to the actual battle against greenhouse gas emissions.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Once again, all of the expenditures will be in accordance with initiatives that are designed to reduce greenhouse gases or be part of administration and enforcement, and will be reasonably likely, or will be indirectly, supporting that.

I know that there’s some concern that that won’t be greenhouse gas reduction initiatives, but I can assure the

member that the expenditures that were made prior to this bill coming into force were expenditures that anticipated that this bill would come into force—the \$350 million announced in the last budget—and should qualify because we are talking early action. I know that it’s in the member’s best interest that we do take early action and start going down that road of reducing greenhouse gases.

We will vote against this because there are expenditures already in place in anticipation that are very important to be continued to move forward with.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: We’re very much concerned that we are making expenditures and collecting this tax before our neighbours to the south are. We’d be much better off, in our opinion, to work with the United States and Mexico to make sure that we have a comprehensive program that goes across the board and keeps us competitive.

I know that this government is jumping in. We’ve seen that they’ve thrown the money into general revenue in this year’s budget, so we can’t even look at what some of their plans are, if we were to trust them. But even if you take it at face value that they really are going to spend this money on true greenhouse initiatives, you’re collecting money from a population that is already over-taxed and is already seeing that we’re unaffordable and uncompetitive.

We see this as a concern. We really are worried that, by the time our other neighbours get in line with what’s going on here—and a lot will be determined this year in the election to the south—we may be bankrupt well before that. This government is taking us to a huge debt. There is only so much money now. They’re transferring this debt over to the public, as they must go back and borrow more money to stay in business for the ones who can’t move. Anybody who can move is moving.

We will be supporting this.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Recorded, please.

The Chair (Mr. Grant Crack): Mr. Tabuns has requested a recorded vote. Further discussion? There being none, I shall call the vote on NDP motion number 53.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 53 defeated.

We shall move to PC motion 53.1, which is an amendment to subsection 68(4). Mr. McDonell.

Mr. Jim McDonell: We will not move it.

The Chair (Mr. Grant Crack): PC motion 53.1 is not to be moved.

We shall move to PC motion number 53.2, which is an amendment to subsection 68(4). Mr. McDonell.

Mr. Jim McDonell: We will not be moving that one as well.

The Chair (Mr. Grant Crack): PC motion number 53.2 is not to be moved.

We shall move to NDP motion number 54, which is an amendment to subsection 68(5). Mr. Tabuns.

1540

Mr. Peter Tabuns: I move that subsection 68(5) of the bill be amended by striking out “expenditures” wherever it occurs and substituting “direct costs” in each case.

I think I’ve made the argument earlier about the need for transparency and integrity in the bill. I think that adopting this amendment, this motion, strengthens the bill and should be supported. Should it come to a vote—recorded, please.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the recorded vote on NDP motion number 54.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 54 defeated.

We shall move to PC motion number 54.1, which is an amendment to subsection 68(5). Mr. McDonell.

Mr. Jim McDonell: We will not be moving that motion.

The Chair (Mr. Grant Crack): PC motion 54.1 is not moved.

We shall move to PC motion number 54.2, which is an amendment to subsection 68(5). Mr. McDonell?

Mr. Jim McDonell: It is dependent on the previous motion, so we will not move that one either—the previous motion that did not pass.

The Chair (Mr. Grant Crack): PC motion 54.2 is not moved.

We shall move to PC motion number 54.3, which is an amendment to subsection 68(5), which is in your extra package. Do you want to take a few seconds to find that? It’s 54.3, a PC motion.

Mr. Jim McDonell: Yes.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: Again, we will be withdrawing that motion as well.

The Chair (Mr. Grant Crack): PC motion 54.3 is not moved.

NDP motion number 55 is an amendment proposing new subsections 68(5.1) and (5.2). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 68 of the bill be amended by adding the following subsections:

“Regulations

“(5.1) The Lieutenant Governor in Council may make regulations for the purpose of facilitating the transparency of the operations of the greenhouse gas reduction account.

“Auditor General

“(5.2) The Auditor General shall include in the Auditor General’s annual report an assessment of whether the greenhouse gas reduction account has been administered in accordance with this act.”

The Chair (Mr. Grant Crack): Excuse me, Mr. Tabuns; I have to call this one out of order as well. This motion seeks to introduce elements that are beyond the scope of the bill. An amendment may not seek to accomplish indirectly what it cannot accomplish directly. This motion appears to me to propose an indirect amendment to the Auditor General Act, which establishes the contents of the Auditor General’s annual report. Again, therefore it’s out of order.

We shall move to PC motion number 55.1, which is proposing a new subsection, 68(5.1). Mr. McDonell.

Mr. Jim McDonell: We will not move that motion.

The Chair (Mr. Grant Crack): PC motion 55.1 is not moved.

We shall move to PC motion 55.2, which is an amendment proposing a new subsection, 68(5.1). Mr. McDonell.

Mr. Jim McDonell: I move that section 68 of the bill be amended by adding the following subsection:

“Public notice

“(5.1) The minister shall publish a description of each initiative in the Environmental Registry established under section 5 of the Environmental Bill of Rights, 1993 at least 60 days before an amount is payable under paragraph 2 or 3 of subsection (2) in respect of the initiative.”

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I think Ontarians are expecting greater transparency and consultation. Far too many times we see the government making decisions behind closed doors. It’s time to shine some light on Liberal policy-making, which too often benefits their friends. The amendment will strengthen transparency and engage Ontarians in the decision-making process for initiatives paid out of this account.

We want to make sure that this bill is as open and transparent as possible. We want the public to have some knowledge of some of the initiatives and some time to judge them.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: It’s our assessment that—I’m sorry, where are we again?—under the Environmental Bill of Rights, there are very broad regulations in place that have access to this information already. The action plan, the progress reports and the use of proceeds are all subject to regular reporting. As a result, we will not support this measure.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 55.2.

Those in favour? Those opposed? I declare PC motion 55.2 defeated.

We shall move to NDP motion number 56, which is an amendment to subsection 68(6). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(6) of the bill be amended by striking out “or indirectly” in paragraph 3.

Again, Chair, I’ve made the argument earlier today that the use of the term “indirectly” opens the door on a wide variety of actions that may have, at best, a tenuous relationship to greenhouse gas emissions reduction. I see no reason to include “or indirectly” in this subsection.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I agree, we’ve had that discussion. We’re of the opinion that we need to protect those measures that indirectly support infrastructure that will support greenhouse gas emissions, so we’ll vote against this motion.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: Well, we’re just concerned that this really opens up the fund to be strictly a slush fund. There’s no direct tie-in. If we’re really looking at the reduction of carbon, we should be looking at picking out the lowest hanging fruit and looking at making a difference here. Letting this government decide what they believe is in and out of a carbon reduction plan is a bit like putting the fox in the henhouse. We see far too often where money has just disappeared and it’s taken a lot of investigative power to find that it’s been wasted. So we will be supporting this.

The Chair (Mr. Grant Crack): Further discussion on NDP motion 56? There being none, I shall call for the vote on NDP motion 56.

Those in favour? Those opposed? I declare NDP motion 56 defeated.

We shall move to NDP motion number 57, which is an amendment to subsection 68(6). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(6) of the bill be amended by striking out “and enforcement” in paragraph 3.

Again, Chair, I don’t think that enforcement should be paid for out of the proceeds of the greenhouse gas reduction initiatives.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Actually, it’s an interesting irony that if you don’t have it in the report, since it’s already been agreed that it could be paid for, you’ll actually have an omission in the report that doesn’t include that amount. In order to have a full understanding of the expenditure, because we’re already allowing enforcement to be covered under the fund, it needs to be in the report about the expenditures of the fund—the same reason in the previous motion. We’ll vote against this one so that

the public can have all of the information of what was expended.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 57.

Those in favour? Those opposed? I declare NDP motion 57 defeated.

We shall move to PC motion 57.1, which is an amendment to subsection 68(6) and a new paragraph. Mr. McDonell.

Mr. Jim McDonell: We will not move that motion.

The Chair (Mr. Grant Crack): PC motion 57.1 is not moved.

We shall move to PC motion 57.2, which is an amendment to subsection 68(6), with a new paragraph. Mr. McDonell.

Mr. Jim McDonell: I move that subsection 68(6) of the bill be amended by adding the following paragraph:

“3.1 The estimated per tonne greenhouse gas reductions of each of the initiatives with respect to which amounts were charged to the account during the year, and the total cost of those initiatives.”

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We see the—

Interjection.

The Chair (Mr. Grant Crack): Just for clarification purposes, I believe the last part of the motion read “and the total cost of each of those initiatives.”

Mr. Jim McDonell: That’s right. Okay. Sorry if I misread that.

The collection of sound data is essential to monitor outcomes and gauge progress. The standard international measurement of emissions is metric tonnes. The amendment will ensure that government reporting will meet international standards. It will also provide sound, quantifiable data to track overall emission trends in the province.

Time and time again, we see this government fail to consider the cost of its policies. The Liberals have a regulatory policy that requires all regulations to undergo a thorough impact assessment, yet again, as we’ve mentioned before, they ignore this. So we are proposing this for that reason.

The Chair (Mr. Grant Crack): Mr. Potts, further discussion?

1550

Mr. Arthur Potts: I’m not sure that this type of information belongs in this report, a report which is looking at the actual inflows and outflows of the account. It’s excellent information. It will be contained, I believe, in the greenhouse action plan, where you’ll be able to see a connection between the expenditures and the greenhouse gas tonnage reductions. So we’ll vote against it because it doesn’t belong in the annual report on the account.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I just wonder why you wouldn’t want this in the annual report. Any time when there’s

clarification brought to the actions of the government, I think that's a positive thing. The Green Energy Act, for example, was rammed through the Legislature with no consideration of the effect on electricity bills, and we see what we have today. We want to stop this from happening again. The government will have to publish its estimates, and we want to be able to track them at the end of the year to account for it.

The Chair (Mr. Grant Crack): Further discussion on PC motion 57.2? There being none, I shall call for the vote.

Those in favour of PC motion number 57.2? Those opposed? I declare PC motion 57.2 defeated.

We shall move to NDP motion number 58, which is an amendment to subsection 68(6). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(6) of the bill be struck out and the following substituted:

“Transparency

“(6) The minister shall ensure that an annual report for the greenhouse gas reduction account is published on a website during each fiscal year that includes, at a minimum,

“(a) the opening and closing account balance for that fiscal year;

“(b) a statement of cash inflows and outflows broken down by activities described in each paragraph of subsections 68(1) and (2);

“(c) a description of the initiatives and reimbursements under subsection 68(2) that were funded from the greenhouse gas reduction account, including the amount of the funding for each initiative or reimbursement; and

“(d) such other information as may be prescribed by regulation.”

Again, Chair, the idea is to make the flows of money in and out of the account as transparent as possible, giving the bill greater credibility and integrity.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I'm not quite sure why we need to rethink what the account looks like. I think the description is given already in subsections 6(1) to (4). It's fairly clear about a detailed accounting of what's going in and out of this account. It shows the flows. It'll be very open and transparent on what's in there. I'm not going to second-guess the drafters of this legislation with this piece. We'll vote against this motion.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Jim McDonell: I think that if you look at the track record, I don't know what would be in this that would be of concern to the government. The opening and closing account balance seems quite a reasonable statement of the inflows and outflows broken down by activities, and a description of the initiatives and reimbursements. These are all things that will go into the final report. Having clear totals on the balance sheet shouldn't affect anybody. I think it's something the government would want—at least, an open and transparent government.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 58—

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): —at the request of a recorded vote, which shall be entertained.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 58 defeated.

We shall move to NDP motion number 59, which is an amendment to subsection 68(7). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 68(7) of the bill be struck out and the following substituted:

“Same

“(7) The minister shall lay the report before the assembly in May of every year, or, if the assembly does not sit in May in a year, at the earliest possible opportunity after May.”

Chair, the original text talks about laying the report before the assembly at the earlier reasonable opportunity. That, I think, is a bit too flexible. It needs to be specified when the report will be brought forward. One can never tell if the earliest reasonable opportunity is an annual thing or not. This makes it annual.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We certainly again support the principle of this. We want the information out there in a timely manner, and that's what the intent of the original drafting is. We'll be bringing forward later a motion that will address this concern in a little more detail. We would like to see it when the public accounts are laid before the assembly for that year to make it coincidental with the public accounts. I think that would achieve the objectives that the member from Toronto–Danforth is seeking.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We think that May is an appropriate time. We're a little concerned that, if we don't put something in, as Mr. Tabuns says, we may never see this report. We think it's quite reasonable to put a date on it. In the first part of the year, you're making your decisions for that current year. Of course, you need to know the results of the past year before you can make new targets.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 59.

Those in favour? Those opposed? I declare NDP motion 59 defeated.

We shall move to government motion 59.1, which is an amendment to subsection 68(7). Mr. Potts.

Mr. Arthur Potts: Yes, there it is. This is the motion I was referring to on the previous motion.

I move that subsection 68(7) of the bill be struck out and the following substituted:

“Same

“(7) The minister shall lay the report before the assembly when the public accounts for the year are laid before the assembly in accordance with the Financial Administration Act.”

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Again, this just provides very certain timing, that people will know when it's coming and they can be aware when it's coming. It takes the flexibility that was being a concern—when we talked about the earliest reasonable opportunity—out of the equation.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote—

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): —on government motion 59.1, which is a recorded vote request.

Ayes

Hoggarth, Malhi, McMahon, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): Those opposed? I declare government motion 59.1 carried.

We shall move to PC motion 59.2, which is proposing a new subsection, 68(8). Mr. McDonell.

Mr. Jim McDonell: I move that section 68 of the bill be amended by adding the following subsection:

“Access by Financial Accountability Officer

“(8) The Financial Accountability Officer shall have access to all documents that are in the custody or under the control of the crown and that relate to amounts charged to the greenhouse gas reduction account and paid out of the Consolidated Revenue Fund.”

The Chair (Mr. Grant Crack): Mr. McDonell, I will have to declare this particular motion out of order as well, as it speaks to introduced elements that are beyond the scope of the bill. An amendment may not seek to accomplish indirectly what it cannot accomplish directly. This motion appears to me to propose an indirect amendment to the Financial Accountability Officer Act, which sets out the access-to-information provisions for the Financial Accountability Officer. Again, therefore, it is out of order.

Mr. Jim McDonell: Chair, can I just—

The Chair (Mr. Grant Crack): There is no discussion when there's a ruling on an out of order. If there's another point or for clarification—

Interjection.

The Chair (Mr. Grant Crack): Mr. McDonell, I'll entertain some questions.

Mr. Jim McDonell: I just want to discuss why would the—we're only talking about the documents, which is not really changing his role. He has a role in this bill. We're just asking—

The Chair (Mr. Grant Crack): I apologize, but I think you're questioning the ruling of the Chair. I've ruled it out of order. We'll have to continue to move on.

That's it for the proposed amendments for section 68. There were four amendments. We shall deal with section 68, as amended. Is there any final discussion on section 68?

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): I believe I heard a request for a recorded vote. There is no discussion. Shall section 68, as amended, carry?

Ayes

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

Nays

McDonell.

The Chair (Mr. Grant Crack): I declare section 68, as amended, carried.

We shall move to NDP motion 60, which is proposing a new section, 68.1. Mr. Tabuns.

1600

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

“Auditor General

“68.1 The Auditor General shall have the authority to audit the records and operations under this act, including operations that have been delegated to persons and entities that are not agents of the crown.”

The Chair (Mr. Grant Crack): Mr. Tabuns, I'll have to rule this one, as well, out of order. This motion seeks to introduce elements that are beyond the scope of the bill. An amendment may not seek to accomplish indirectly what it cannot accomplish directly. This motion appears to me to propose an indirect amendment to the Auditor General Act. Therefore, it is out of order.

We shall move to NDP motion number 61, which is proposing a new section, 68.2. Mr. Tabuns.

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

“Auditor General and emissions

“68.2 The Auditor General shall audit and report annually on the processes by which an amount of greenhouse gas emissions is attributed to any of the following:

“1. Allowances, offsets, credits and other instruments under this act.

“2. Actions under subsection 7(1).

“3. Cap-and-trade account balances and transactions.

“4. Verification statements under section 11.

“5. Initiatives under subsection 68(2).

“6. Registered participants.

“7. The province's greenhouse gas inventory and parts thereof.

“8. Anything else to which an amount of greenhouse gas emissions is attributed.”

The Chair (Mr. Grant Crack): Mr. Tabuns, I must also call this motion out of order as it seeks to introduce elements that are beyond the scope. In particular, it appears to propose an indirect amendment, again, to the Auditor General Act. Again, this motion is out of order.

We shall move to section 69. We will move to NDP motion number 62, which is an amendment to subsection 69(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 69(1) of the bill be amended by striking out “or other persons”.

Chair, my purpose here is to ensure that the administration of this bill is carried out by the ministry and by civil servants; that it not be turned over to private operators. Thus, the words “or other persons” are struck out.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: As much as I wanted the job, I think the member is right, and we’re going to support this motion.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 62.

Those in favour of NDP motion 62? Those opposed? I declare NDP motion number 62 carried.

We shall move to NDP motion number 63, which is an amendment to subsection 69(3). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 69(3) of the bill be amended by striking out “or other person”.

Again, Chair, it follows the arguments I made with my previous motion: that the operation of the act be retained within the Ontario public service.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: I’d like to have this co-operation recorded in a vote.

The Chair (Mr. Grant Crack): Very good. Further discussion? There being none, I shall call for the vote on NDP motion number 63. Recorded.

Ayes

Hoggarth, Malhi, McDonell, McMahon, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): There are none opposed. I declare NDP motion number 63 carried.

We shall move to section 69, as amended with those two amendments. Is there any discussion on section 69, as amended? Then I shall call for the vote.

Shall section 69, as amended, carry? Carried.

We shall move to section 70. Is there any discussion on section 70? There being none, I shall call for the vote.

Those in favour of section 70? Carried.

We shall move to section 71. There is NDP motion number 64, which is an amendment to section 71. Mr. Tabuns.

Mr. Peter Tabuns: I move that section 71 of the bill be struck out and the following substituted:

“Delegation by minister

“71. The minister may delegate any of the minister’s powers or duties under this act to a public servant and may impose restrictions with respect to the delegation.”

Chair, I understand that the minister can’t do everything—the day is only so long; there are only so many hours—and that the minister may need to delegate some powers to a public servant, and that the minister needs to have the authority to put restrictions on that delegation.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I don’t see much difference between what was struck out and what’s here. Is it just to get rid of (1)?

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: Previously, we were dealing with 69(3); this is 71. The principle is one that the government supported on 69(3), so I don’t see why it wouldn’t support it on 71.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 64—

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 64 defeated.

There are, therefore, no amendments to section 71. Any discussion on section 71 in its entirety? There being none, I shall call for the vote.

Shall section 71 carry? I declare section 71 carried.

We shall move to NDP motion number 65, proposing a new section, 71.1. Mr. Tabuns.

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

“Application of other acts

“71.1 For greater certainty, the following apply with respect to every person to whom any power under this act is delegated:

“1. The Freedom of Information and Protection of Privacy Act.

“2. The Auditor General Act.

“3. The Ombudsman Act.

“4. the Lobbyists Registration Act, 1998.

“5. the Environmental Bill of Rights, 1993

“6. The Canadian Charter of Rights and Freedoms”

Chair—

The Chair (Mr. Grant Crack): I apologize, Mr. Tabuns. I’m going to have to call this one out of order, as well. It seeks to introduce elements that are beyond the scope of the bill. The scope of the bill set at second

reading represents the reasonable limits of its collective purposes as defined by its existing clauses and schedules—

Mr. Lou Rinaldi: Suspend.

The Chair (Mr. Grant Crack): This motion appears to me to propose an amendment that goes beyond those reasonable limits. Therefore, again, it is out of order.

Thank you, Mr. Rinaldi.

Mr. Lou Rinaldi: I'm just trying to help.

The Chair (Mr. Grant Crack): Okay. We shall move to section 72. There are no amendments. Is there any discussion on section 72? There being none, I shall call the vote.

Shall section 72 carry? I declare section 72 carried.

We are going to move to section 73, and we have PC motion 65.1, which is an amendment to subsection 73(1). Mr. McDonell.

Mr. Jim McDonell: We're not moving 65.1.

The Chair (Mr. Grant Crack): PC motion 65.1 is not moved.

We shall move to PC motion number 65.2, which is an amendment to subsection 73(1). Mr. McDonell.

Mr. Jim McDonell: I move that subsection 73(1) of the bill be amended by adding "After December 31, 2020" at the beginning.

The Chair (Mr. Grant Crack): Any further discussion? Mr. McDonell.

Mr. Jim McDonell: If the government proceeds, it must delay any agreements to integrate its scheme with another jurisdiction until after the second compliance period.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We're not interested in delaying the implementation of this bill. We'll be voting against this so that we can plow ahead.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 65.2.

Those in favour of PC motion 65.2? Those opposed? I declare PC motion 65.2 defeated.

We shall move to NDP motion number 66, which is proposing a new subsection, 73(1.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 73 of the bill be amended by adding the following subsection:

"10-year outlook

"(1.1) Before entering into an agreement under subsection (1), the minister shall prepare and publish a 10-year outlook projecting the estimated impact of such agreement on the supply and market price of carbon allowances available to Ontario's registered participants."

Chair, I'm moving this, in part, because, in a review of the state of the California cap-and-trade system, it appears there are a large number of relatively cheap credits that are available. I'm worried that, without an assessment of what the changes will be, we may put ourselves in a situation comparable to what has been seen in Europe, where a large number of cheap or free credits

dramatically reduce the impact of the emissions trading system.

1610

I think that this minister, and any subsequent minister, has to look at that 10-year outlook and be able to present to the Legislature and to the people of Ontario a realistic assessment of what changes or what issues we would have to deal with if we went ahead with the agreement with the other jurisdictions.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. I'm a little concerned that a motion like this coming from the government body, speculating about future volumes and prices, could be tantamount to tampering in the marketplace, particularly if people came to rely on it to their detriment. Third parties could make that speculative and do the assessments, but for a government to do it and be required to do it as part of this, I think, would take us down a slippery slope. So we'll be voting against this motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Well, we have all seen a catastrophic error in the European plan, where elements were put into it that were not deemed—of course, when the plan was put into action—to have any merit and actually skewed the results. A lot of profiteering was done and some credits really shouldn't have been there.

So I don't know why we wouldn't want to make sure that we don't just blindly enter into an agreement that may benefit another jurisdiction—sometimes they're put there for that purpose. I think that we want to make sure that we agree with them and we agree with their impact on the plan.

Again, one of the issues with the cap-and-trade is that it has failed everywhere it has been tried because it is open to interpretation. We see that a simple price on carbon would generate the same benefits, but actually remove government from picking winners and losers.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 66.

Those in favour of NDP motion 66? Those opposed? I declare NDP motion 66 defeated.

We shall move to PC motion 66.1, which is proposing a new subsection 73(4). Mr. McDonell?

Mr. Jim McDonell: We will not be moving 66.1.

The Chair (Mr. Grant Crack): PC motion 66.1 is not to be moved.

We shall move to PC motion 66.2, which is proposing a new subsection 73(4). Mr. McDonell?

Mr. Jim McDonell: I move that section 73 of the bill be amended by adding the following subsection:

"Offset credits

"(4) A registered participant shall not purchase offset credits from the other jurisdiction with whom an agreement is entered into."

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Ontario does not want or need to link its cap-and-trade scheme to another program. Once Ontario links this scheme with California, money will flow out of our province for allowances and offset credits. This outflow of cash will hurt our economy while doing absolutely nothing to achieve Ontario's emission targets. Alberta has made a successful offset system within its jurisdiction; we should look into their experience before sending millions of dollars out of our province.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Well, we know that we want to be linked to other markets with the Western Climate Initiative. This helps achieve lower cost purchasing of credits. We're not an island. We will be voting against this.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We've already seen through the Quebec plan, where they've linked it to California, millions of dollars being spent by companies to purchase something from California. Really, look at it: It's nothing more than a scheme with one state out of 49 in the United States. It really makes you wonder what the impact would be, say, between us and Michigan, us and New York state or Ohio—definite competitors of ours.

Whether it be in agriculture, in car manufacturing or in auto parts, it can only drive up our costs. Many of these costs are dictated by international prices. We are not price givers; especially in agriculture, we're price takers. If you increase our costs and our competitors aren't, what does that say for our industry?

A lot of the processing, as we've seen over the past number of years, whether it be Heinz or similar companies—they move to where it's cheaper to supply. We are buying the product back to be competitive, and it's just human nature. People try to purchase equivalent products at the least cost, and that only puts our manufacturers out of business.

I know this doesn't seem to be a concern of this government. We've seen over 300,000 jobs move out of our country and into the States or into Quebec. With just the price of power alone, we lost Xstrata out of Timmins; it moved to Quebec strictly on that one issue. And when you add in the payroll taxes we're paying, that we're paying the second-highest property taxes in North America and the energy costs, it's just another tax that will affect manufacturers in Ontario and not 49 out of 50 states in the United States or Mexico. So we see that as a huge problem.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 66.2.

Those in favour of PC motion 66.2? Those opposed? I declare motion 66.2 defeated.

There were no amendments to section 73. Is there any discussion on section 73? There being none, I shall call for the vote.

Shall section 73 carry? I declare section 73 carried.

We shall move to section 74, which is NDP motion number 67, proposing a new subsection, 74(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 74(1) of the bill be amended by adding "Subject to the approval of the Lieutenant Governor in Council" at the beginning.

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: This is simply trying to ensure that there is adequate review of any such initiative, Mr. Chair.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: It's our assessment that it would be very cumbersome to add this at this point in the bill, so we'll vote against the motion.

The Chair (Mr. Grant Crack): Further discussion? There being—

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): Mr. Tabuns has requested a recorded vote. That is in order. There being no further discussion, I shall call for the recorded vote on NDP motion number 67.

Ayes

Tabuns.

Nays

Hoggarth, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 67 defeated.

We shall move to NDP motion number 68, which is an amendment proposing a new subsection, 74(1.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 74 of the bill be amended by adding the following subsection:

"Same

"(1.1) An agreement entered into under subsection (1) is subject to the provisions of section 16 of the Environmental Bill of Rights and any other requirements under that act respecting regulations."

The Chair (Mr. Grant Crack): Mr. Tabuns.

Mr. Peter Tabuns: It's an initiative, a motion, Chair, to increase the transparency of the bill. It should be seen in that light and should be adopted.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: It's my understanding that this section would be redundant under section 16(2) of the Environmental Bill of Rights because any such agreement is explicitly administrative in nature and, therefore, is already exempt. So we'll be voting against it.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 68.

Those in favour? Those opposed? I declare NDP motion 68 defeated.

We shall move to government motion 68.1, which is proposing an amendment to subsection 74(2), paragraph 2. Mr. Potts.

Mr. Arthur Potts: I move that paragraph 2 of subsection 74(2) of the bill be amended by striking out "Authorization for the person to exercise such powers" at the beginning and substituting "Authorization for a person to exercise such powers".

1620

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: It's just a very technical amendment to take "a" person as opposed to "the" person, so that it's not being so specific. It's just a technical amendment.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 68.1.

Those in favour? Those opposed? I declare government motion 68.1 carried.

We shall move to NDP motion number 69, which proposes a new subsection, 74(2.1). Mr. Tabuns?

Mr. Peter Tabuns: I move that section 74 of the bill be amended by adding the following subsection:

"Publication

"(2.1) Every agreement must be published on a website of the government of Ontario."

If we're actually going to be giving the administration and enforcement powers of the minister to an organization, then the details of that agreement must be available to the public.

The Chair (Mr. Grant Crack): Mr. Potts?

Mr. Arthur Potts: My concern is that there may be confidentiality concerns contained within each of those agreements that would have to be redacted before it could go on a website and it would become very cumbersome. Therefore, we'll vote against the motion.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. There is no further discussion on NDP motion number 69. I shall call the vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 69 defeated.

We shall move to NDP motion number 70, proposing new subsection 74(3). Mr. Tabuns?

Mr. Peter Tabuns: I move that subsection 74(3) of the bill be amended by striking out "is not a crown agent" and substituting "is a crown agent".

Chair, the intent being that the retention of crown agent status increases the potential for transparency and accountability.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Our concern here is that it would seriously limit the government's ability to delegate authority, which we think we'll need to do for aspects of the subsequent regulation for the Western Climate Initiative or other linked program partners. So we'll be voting against.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 70.

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): A request has been made for a recorded vote. I shall call the vote.

Ayes

Tabuns.

Nays

Hoggarth, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion number 70 defeated.

We shall move to PC motion 70.0.1, which is proposing a new subsection, 74(4). Mr. McDonell?

Mr. Jim McDonell: We will not move that motion.

The Chair (Mr. Grant Crack): PC Motion 70.0.1 is not to be moved.

We shall move to PC motion 70.0.1.1, which proposes the new subsection, 74(4). Mr. McDonell?

Mr. Jim McDonell: I move that section 74 of the bill be amended by adding the following subsection:

"Public notice

"(4) The minister shall, at the earliest opportunity,

"(a) publish every agreement entered into under subsection (1) in the Environmental Registry established under section 5 of the Environmental Bill of Rights, 1993; and

"(b) prepare a report setting out the total cost associated with each agreement and lay the report before the assembly."

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Ontarians deserve to know the cost associated with each agreement that the government enters into. We heard before the committee that as much as \$100 million could leave this province once trading begins with California. That money means that hard-working Ontarians will be forced to pay to reduce emissions in another jurisdiction. This scheme just doesn't make sense for Ontario. We need to invest right here in our province and focus on our efforts to reduce Ontario's emissions.

It was not that long ago that the Premier went to China to try to encourage money coming to Ontario, and here this plan will see hundreds of millions of dollars leaving Ontario and going not only to another part of Canada but to another country. We just think that that's wrong. It's a system that hasn't worked in Europe. We've been challenging the government to show us where it actually has worked. It's subject to a lot of fraud. It's very hard to put in place and to audit it to the extent required, especially when you're dealing with different countries. You're talking about agreements that are not throughout the continent. We have our major competitors, the vast majority, all but, I guess, two out of 50-something, that are not involved with this program that we'll be tying our hands to. It just doesn't make a lot of sense.

Again, they should just come out and state what looks to be their initiative here and just shut down our businesses and let us fend for ourselves, because that's all we're doing here.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Not unlike a previous motion from the NDP, this is somewhat redundant because under the Environmental Bill of Rights, these agreements are typically administrative in nature and therefore exempt, so we'll be voting against it.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for a vote on PC motion 70.0.1.1.

Those in favour? Those opposed? I declare PC motion 70.0.1.1 defeated.

There was one amendment to section 74, so therefore section 74 is amended. Is there final discussion on section 74, as amended? There being none, I shall call for the vote.

Shall section 74, as amended, carry? Carried.

We shall move to PC motion 70.0.2, which is proposing a new section 74.1. Mr. McDonell.

Mr. Jim McDonell: We will not be moving that motion.

The Chair (Mr. Grant Crack): Thank you very much. PC motion 70.0.2 is not moved.

We shall move to PC motion 70.0.3, which proposes a new section 74.1. Mr. McDonell.

Mr. Jim McDonell: I move that the bill be amended by adding the following section:

"Application of various acts

"74.1 The following acts apply, with necessary modifications, to persons who are assigned, delegated or sub-delegated powers, duties or functions under section 69, 70, 71 or 74, in respect of the exercise of those powers and the performance of those duties and functions:

"1. The Freedom of Information and Protection of Privacy Act.

"2. The Environmental Bill of Rights, 1993."

Interjection.

The Chair (Mr. Grant Crack): Thank you, Ms. Martow. Yes, I will be calling this particular motion out

of order. It is beyond the scope of the bill. It appears to me to propose an indirect amendment to both the Freedom of Information and Protection of Privacy Act and the Environmental Bill of Rights, 1993, and it also appears to propose an amendment that goes beyond the reasonable limits of its collective purpose as set out at second reading. Again, I declare PC motion 70.0.3 out of order.

We shall move to section 75. We have government motion 70.0.4, which is in your extra package. I would call on Mr. Potts.

Mr. Arthur Potts: I move that paragraph 1 of subsection 75(1) of the bill be amended by striking out the second sentence and substituting "This does not apply with respect to section 54 (administrative penalties)."

The Chair (Mr. Grant Crack): Discussion? Mr. Potts.

Mr. Arthur Potts: Yes. This motion is being put forward to remove the reference to section 32 from subsection 75(1). This is because an earlier motion removed section 32 from the bill. It's just a clarification and an administrative adjustment.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: So we're working on 70.0.4?

The Chair (Mr. Grant Crack): Yes.

Mr. Jim McDonell: Okay.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 70.0.4.

Those in favour? Those opposed? I declare government motion 70.0.4 carried.

We shall move to government motion 70.1, which is an amendment to subsection 75(1), paragraphs 3, 4 and 5. Mr. Potts.

Mr. Arthur Potts: We will not be moving that forward.

1630

The Chair (Mr. Grant Crack): Government motion 70.1 is not moved.

We shall move to government motion 70.1.1, which is in your extra package. It's an amendment to subsection 75(1), paragraphs 3, 4 and 5. Mr. Potts.

Mr. Arthur Potts: I move that paragraphs 3, 4 and 5 of subsection 75(1) of the bill be struck out and the following substituted:

"3. Governing the quantification and calculation of amounts of greenhouse gas emissions and governing the attribution of emissions.

"4. Governing the registration of persons, including the suspension and cancellation of a registration, and governing the conditions applicable to registrants.

"5. Governing the recognition and designation of account agents, including the suspension and cancellation of a recognition, and governing the conditions applicable to designated account agents."

The Chair (Mr. Grant Crack): Further discussion, Mr. Potts?

Mr. Arthur Potts: Yes. This motion is being put forward to remove the reference to section 32 from subsection 75(1). This is because the earlier motion removed section 32 of the bill.

Ms. Laura Hopkins: No.

Mr. Arthur Potts: No? Am I in—sorry. Yes, I'm in the wrong section. My apologies. Sorry. Here I am. Okay.

The motion removes paragraphs 3, 4 and 5, replacing them with new provisions. The motion is being replaced on recommendation from legislative counsel to remove a duplicative reference to registration, which is already included in other regulation-making authority of the bill. My appreciation to legislative counsel for doing so.

The Chair (Mr. Grant Crack): Further discussion on government motion 70.1.1? There being none, I shall call for the vote.

Those in favour of government motion 70.1.1? Those opposed? I declare government motion 70.1.1 carried.

We shall move to government motion 70.2, which is an amendment to subsection 75(1), paragraphs 8 and 9. Mr. Potts.

Mr. Arthur Potts: I move that paragraphs 8 and 9 of subsection 75(1) of the bill be struck out and the following substituted:

"8. Governing the creation, distribution, retirement from circulation and cancellation of Ontario emission allowances and the retirement of other emission allowances from circulation.

"8.1 Governing the creation, issuance, retirement from circulation and cancellation of Ontario credits and the retirement of other credits from circulation.

"9. Governing the registration of offset initiatives, including the imposition of requirements on sponsors of offset initiatives.

"9.1 Governing monitoring, reporting and verification requirements under this act and imposing duties on persons who are authorized under this act to conduct verifications.

"9.2 Governing the retention of records in the possession of persons who prepare or submit or who are required to prepare or submit records for the purposes of this act."

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Yes. The motion has introduced regulation-making authority for creating, distributing and issuing or retiring allowances of credits and cancellation of Ontario allowances and credits. The motion is required to support the administration and delivery of the cap-and-trade program, in accordance with the design.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 70.2.

Those in favour? Those opposed? I declare government motion 70.2 carried.

We shall move to government motion 70.3, which is an amendment to subsections 75(3) and (4). Mr. Potts.

Mr. Arthur Potts: I move that subsections 75(3) and (4) of the bill be struck out and the following substituted:

"Incorporation by reference

"(3) A regulation may incorporate, in whole or in part and with such changes as the Lieutenant Governor in Council considers necessary, a document, including a code, formula, standard, protocol, procedure or guideline, as the document may be amended or remade.

"Same

"(4) An amendment to a document referred to in subsection 3, or a document referred to in subsection (3) as remade, comes into effect upon the ministry publishing notice of the amendment or remade document in the Ontario Gazette or in the registry under the Environmental Bill of Rights, 1993."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: This motion is being introduced to allow for technical documents to be incorporated by reference.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call the vote on government motion 70.3.

Those in favour? Those opposed? I declare government motion 70.3 carried.

We shall move to government motion 70.4, which is an amendment to subsection 75(4). Mr. Potts.

Mr. Arthur Potts: I will not be introducing this motion.

The Chair (Mr. Grant Crack): Government motion 70.4 will not be moved.

Section 75: There were four amendments that passed, so section 75 is amended. Is there any discussion on the amended section 75? There being none, I shall call for the vote.

Shall section 75, as amended, carry? I declare section 75, as amended, carried.

We shall move to section 76, which is a government motion, 70.5, an amendment to subsection 76(1), paragraph 1. Mr. Potts.

Mr. Arthur Potts: I move that paragraph 1 of subsection 76(1) of the bill be amended by striking out "(Imposing fees)" at the beginning and substituting "(Imposing fees for anything done or requested to be done under this act)".

The Chair (Mr. Grant Crack): Those would be quotations as opposed to brackets. Just for clarification purposes, I wanted to put that on the record.

Mr. Arthur Potts: Quotations. My apologies.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. The motion is being introduced to clarify that a document that is incorporated into a regulation under the bill can include a technical guideline.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 70.5.

Those in favour? Those opposed? I declare government motion 70.5 carried.

There was one amendment to section 76. Section 76 was amended. Any discussion on the amended section? There being none, I shall call for the vote.

Shall section 76, as amended, carry? I declare section 76, as amended, carried.

We shall move to NDP motion 71, which is proposing a new section, 76.1, to the Environmental Assessment Act. Mr. Tabuns.

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

“Environmental Assessment Act

“76.1 The Environmental Assessment Act is amended by adding the following section:

““Greenhouse gas

“5.2 No approval under this act shall be given unless consideration has been given to the possible implications for Ontario’s ability to meet its greenhouse gas reduction targets under the Climate Change Mitigation and Low-carbon Economy Act, 2016.””

The Chair (Mr. Grant Crack): Unfortunately, I’m going to have to call this one out of order as well. This motion seeks to amend an act, the Environmental Assessment Act, which is not open in the bill that is before us. Therefore, it is out of order on the grounds that it is beyond the scope of the bill.

We shall move to section 77. We have NDP motion number 72, amending subsection 77(1). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 77(1) of the bill be struck out.

Chair, this is meant to protect the original definition of “greenhouse gas reduction account”.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We will not support the motion. The change is necessary to replace the definition with a more modern definition.

The Chair (Mr. Grant Crack): Further discussion? Ms. Martow.

Mrs. Gila Martow: I think that there’s no reason why we can’t add other definitions and why we have to strike out a definition that a lot of people use and replace it with what one person considers to be more modern and other people may not. I think that the more information that we provide, the better.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 72.

Those in favour? Those opposed? I declare NDP motion 72 defeated.

We shall move to NDP motion 73, which is an amendment proposing new subsection 77(1.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 77 of the bill be amended by adding the following subsection:

“(1.1) The act is amended by adding the following section:

““Greenhouse gas

“20.3.1 No approval under this act shall be given unless consideration has been given to the possible implications for Ontario’s ability to meet its greenhouse gas

reduction targets under the Climate Change Mitigation and Low-carbon Economy Act, 2016.””

The Chair (Mr. Grant Crack): Mr. Tabuns, I apologize again. I’m going to be calling this one out of order as it seeks to introduce elements that are beyond the scope of the bill. The scope of the bill, as set out at second reading, represents the reasonable limits of its collective purposes, as defined by its existing clauses and schedules. This motion appears to me to propose an amendment that goes beyond those reasonable limits; therefore, again, this one is out of order.

1640

We shall move to NDP motion number 74, which is an amendment to subsection 77(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 77(2) of the bill be struck out.

Again, Chair, it’s protection of the definition of the greenhouse gas reduction account.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We won’t be supporting the motion.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 74.

Those in favour? Those opposed? I declare NDP motion 74 defeated.

There are no amendments to section 77. Any further discussion on section 77 in its entirety? There being none, I shall call for the vote.

Shall section 77 carry? I declare section 77 carried.

We shall move to NDP motion 75, which is an amendment proposing a new section, 77.1, with a new section 4.0.1, Ontario Energy Board Act. Mr. Tabuns.

Mr. Peter Tabuns: Just a ruling before I read it out: Will this be out of order?

The Chair (Mr. Grant Crack): As Chair, I would be more than happy to provide you with that advice but I can’t make hypothetical rulings at this point, so that would be up to you to decide whether you move it, and then I will decide later.

Mr. Peter Tabuns: I move that the bill be amended by adding the following section:

“Ontario Energy Board Act, 1998

“77.1 The Ontario Energy Board Act, 1998 is amended by adding the following section:

““Greenhouse gas

“4.0.1 No order under this act shall be made by the board unless consideration has been given to the possible implications for Ontario’s ability to meet its greenhouse gas reduction targets under the Climate Change Mitigation and Low-carbon Economy Act, 2016.””

The Chair (Mr. Grant Crack): Well, Mr. Tabuns, unfortunately—

Mr. Peter Tabuns: It’s no longer hypothetical? That’s what you’re about to say?

The Chair (Mr. Grant Crack): ’Tis no longer hypothetical. I shall declare this motion out of order as it seeks to amend the Ontario Energy Board Act, 1998,

which is not open before us. Therefore, again, it's beyond the scope.

Interjection.

The Chair (Mr. Grant Crack): Order.

We shall move to commencement and short title—

Mr. Arthur Potts: No section 78?

The Chair (Mr. Grant Crack): —which is section 78.

Mr. Arthur Potts: My apologies. You're right.

The Chair (Mr. Grant Crack): We have section 78. There are no amendments to section 78, commencement and short title. Is there any discussion? There being none, I shall call for the vote.

Shall section 78 carry? I declare section 78 carried.

So we did stand down section 1, correct? Everyone recesses the very beginning?

Mr. Arthur Potts: Section 1 or section 3?

Interjections.

The Chair (Mr. Grant Crack): Can we take a five-minute break? Would that be okay? Because I think—

Mrs. Gila Martow: I just want to know if Prince Harry is coming to our committee room. He was in the building.

Interjection: He's here?

Interjection: He's here.

The Chair (Mr. Grant Crack): Okay, a five-minute break.

The committee recessed from 1647 to 1654.

The Chair (Mr. Grant Crack): Okay, everybody. I call the meeting back to order. I hope you enjoyed your recess.

Prior to us dealing with the short title and the schedules, we will return to a number of the sections that were stood down.

The first that was stood down was PC motion 0.7. Then we stood down section 30, and then we stood down PC motion 30.0.2. We will deal with those three—Mr. Potts?

Mr. Arthur Potts: It is 30.1.

The Chair (Mr. Grant Crack): No. You're talking about new PC section 30.1, but the PC motion was 30.0.2. So I'm dealing with the motions at this particular time.

Therefore, once we deal with what was stood down, we shall move towards finishing the short title and the schedules and moving further down the bill. Having said that, again, PC motion 0.7 was stood down first. Mr. McDonell.

Mr. Jim McDonell: I move that subsection 1(4) of the bill be amended by striking out "including schedule 1".

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? Mr. Potts—oh, we'll go with Mr. McDonell for the reasoning.

Mr. Jim McDonell: Chair, we see this bill as an issue with, as we said before, our businesses and Ontarians in general. We see it adding a lot of costs. We have been very much supporting putting a price on carbon, but the money generated from this money that would be returned to the public in the form of tax reductions or programs

aimed specifically at groups affected by this legislation—we don't see that; we see a cap-and-trade system put in place that has failed in many other places, or I guess all places around the world, because it's so fraught with fraud, fraught with issues. Such a system, although in theory it seems to work out very well, getting it to work in practice has eluded the world so far.

A simple price on carbon which would discourage people from generating carbon, but giving the money back so they could choose to maybe use more pricey options, leaving our standard of living where it is as much as possible instead of just siphoning this money off and government spending where it sees fit—this has been a practice of this government for 12 years; it's not helping us.

Economists around the province have been very upset with what's going on here in this province. We've run up our debt, we've taken away a lot of our possibilities as far as where we can go in the future by the debt that we've put on our children and grandchildren. We just see this as something that will not work, especially when cap-and-trade really works in a system that's integrated on a larger base, and here we are talking about three jurisdictions. Ontario and Quebec make up a small portion of this whole agreement, with California being much larger. You tack it on to our main competitors that we have really any chance of competing with throughout the US and Mexico. It really puts us at a disadvantage. We think that this whole idea, this whole scheme that has been put in place is nothing more than another tax grab that we've seen over and over again.

This government has really no authority. It ran an election on not putting such a scheme in place. Quickly after the election, we're seeing a change. I know that if they had fought an election with the expressed idea of actually putting this plan in place, then we would have to tailor our objections differently. But this was a commitment of the government not to do this, and now we see it being in place, being forced down, closure moved on it, limiting debate. We look at this whole scheme; it's just going to hasten our economic troubles that we're seen over the last 12 years.

We think that if you go back to infrastructure, the same amount of money is being promised under this budget with the \$1.9 billion generated from the cap-and-trade as there was before this plan was even contemplated. We had guarantees from the minister of the day that the budget was priced out, that there was money. Now all of a sudden we find that not only do we require this cap-and-trade revenue, but we require Hydro One being sold and parts of the LCBO being sold. Really, what else are we not seeing? As we move forward, we're seeing these bills being pushed through, and we just think that there has got to be an end to this madness.

1700

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, just to say that schedule 1 is an integral part of this bill and, therefore, we will be voting against this motion.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 0.7—

Mr. Jim McDonell: Recorded vote.

The Chair (Mr. Grant Crack): —and there has been a request for a recorded vote, which will be entertained. I therefore call the vote on PC motion 0.7.

Ayes

McDonell.

Nays

Hoggarth, Malhi, Potts, Rinaldi, Tabuns.

The Chair (Mr. Grant Crack): I declare PC motion 0.7 defeated.

There are no further amendments to section 1, so I therefore declare that section 1 is amended with the five amendments that did pass. Is there any discussion on section 1, as amended? Mr. McDonell.

Mr. Jim McDonell: Again, I'd like to highlight our objection to this bill. We just think that it's the wrong thing for the province.

If this government was so strong on this initiative in the first place, why did they claim or promise not to institute this type of legislation in the last election? I think that the question was put to this government very clearly. In the election campaign, they promised that they would not institute this. Quickly after the election, of course, this has become an initiative.

We've heard from the minister for climate change that they were planning this more than two years ago. Clearly, that was denied by the Premier, so really, what is the right answer here? There are two different answers there, and—I guess that I can't use the words, "Somebody is not telling the truth." Obviously, which one is telling the truth? I would have to really wonder about that. Were they planning this more than two years ago? If they were, why would they not bring this up in the election, if that was actually their intention?

The people of Ontario haven't had the chance to comment on cap-and-trade through an election. I've been involved in two elections. There was a commitment both times from this government not to move ahead on this. We think that there is a way around that. At least make it revenue-neutral and help up the people who are having so much trouble today.

We've seen the number of people in this province who are on minimum wage escalating so that we are now the number one percentage in this country with people working at minimum wage. The number of people working below the cost of living is increasing. This is going to add another cost to that cost of living, so there will be more and more people needing public assistance. It just doesn't make sense.

I know that there is an unquenchable thirst for money from this government. We've seen it over and over again.

We've seen \$65 billion mushroom to \$135 billion, and they still don't have enough money. What will it take to solve this thirst for money that just gets spent?

We believe that there is money there. If you were to take away the money spent on gas plants, the money spent on eHealth—billions of dollars wasted. The money is there. It has been wasted. As much as our debt and our spending are, it doesn't include the money being wasted in the Green Energy Act—billions and billions wasted there, whether it be gas plants that the electrical user is forced to pay for. They've made our rates the highest on the continent. In theory, if you're going to put a price on carbon, you've got to wonder why electricity is excluded.

If they're truly following through, will we see that change in regulations in the future? In their quest for money, we probably will be. We're suspect of that. We have a clean energy foundation that was put in place by many years of Conservative government. We built the strong nuclear plants that we have today. It was a PC government that built the hydro generation that we see in this province—the majority of it.

We'd have a surplus of power if you shut down all the renewable energy. This is power and these are contracts that we're paying for with artificially high rates. The Auditor General warned the government again last year that we're spending billions of dollars on conservation that will have no impact because we have contracts. Whether we use the power or not, we have to pay for it.

This was only reinforced yesterday when we raised the cost of power because we have contracts that guarantee that we'll buy this power even if we don't use it. So if we were more successful and more people cut back in the amount of power they're using, which would normally seem to be what you design an energy-consuming jurisdiction to do if it is really trying to cut back carbon, you would save money. Now we see that if we do constrain our use of energy even more in the future, our price per kilowatt will only have to go up because that is the way they structured this whole scheme that they put in place through the Green Energy Act.

There was warning after warning, even before I got elected. The association of professional engineers warned this government that the system they were putting in place would be costly and wouldn't work. Now we're seeing those, again, dismissed. In many parts of this bill, we've seen concerns from the independent officers that their ability to comment on these bills was being over-ridden. The government does not have to listen to them. Before, they were only breaking their own regulations by not listening to them. Now it gives them the power not to have to listen to them.

We don't think that's in any way good for the province, and we just can't support this legislation.

The Chair (Mr. Grant Crack): Further discussion on section 1, as amended? There being none, I shall call for the vote on section 1, as amended.

Those in favour? Those opposed? I declare section 1, as amended, carried.

We shall now move to the second aspect of the bill that was stood down, which is section 30. It would be PC motion 22.2.

Mr. Jim McDonell: Motion 22.2?

The Chair (Mr. Grant Crack): Motion 22.2 is correct, yes.

Mr. Jim McDonell: It's subsection 30—

The Chair (Mr. Grant Crack): Yes. So it's section 30, with an amendment to subsection 30(2); PC motion 22.2.

Mr. Jim McDonell: Can I take a five-minute recess just to catch up on this?

The Chair (Mr. Grant Crack): There has been a request for five minutes so that everybody can get up to date. Any opposition? So it's five minutes. At 5:13, I will recommence.

The committee recessed from 1708 to 1713.

The Chair (Mr. Grant Crack): Back to order. Once again, we had stood down three components of the bill. We are at the second aspect now and section 30, which is PC motion 22.2, an amendment to subsection 30(2). Mr. McDonell.

Mr. Jim McDonell: It's 22.2? Okay.

I move that subsection 30(2) of the bill be amended by adding "in an energy-intensive and trade-exposed industry, as prescribed" after "registered participants".

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We are concerned about the free allowances. The government should only provide free allowances to companies in energy-intensive and trade-exposed industries. We must keep the distribution of free allowances limited to those who truly need it. We cannot allow this government to use free allowances to pay back political favours. We have seen many cases where the public are concerned about political decisions being made for donations, and this principle is so important that it must be spelled out in law to prevent any abuses. We have to protect the industries that need protection. They shouldn't be based on political affiliation; they should be based on scientific knowledge.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. It's our view that this motion becomes redundant with the changes already in the regulations that have been proposed. That's obviously the intent of the free allowances: to help industries in their transition, and we're not going to limit the minister's flexibility to determine who are needy of them.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Our concerns have certainly been brought forward in recent events lately, where we see election changes that have been made previously that really benefited one party. Part of that was all about decisions being made—the companies that actually made political donations. We don't think that giving this Liberal government the ability to choose who they feel should be the benefactors of these allowances—

Mrs. Gila Martow: Picking winners and losers.

Mr. Jim McDonell: Not only are they picking winners and losers—and that's one thing we had a complaint about—but we see through the Auditor General that there have been no guidelines put forth. They've handed out billions of dollars. We see now, only because it has become an issue and we've received leaks from some of the ministry people, that these certainly look like they've been tied to donations, in some cases companies receiving multiple contracts, followed each time by large donations to the party.

Do we see a tie here? Of course we do. The public sees a tie, and I think that they need the reassurance that yes, the government will have to use technical information to make decisions to give allowances where companies are truly affected. Having it very political just breeds corruption, and I think we want to take that perception away so this government doesn't have to fight that as they move through with this very controversial legislation. We think that at a minimum we should be limiting where these allowances are going so that they actually are tied to, as we say, energy-intensive and trade-exposed industries.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on PC motion 22.2.

Those in favour? Those opposed? I declare PC motion 22.2 defeated.

We shall go to NDP motion number 23, which is an amendment to subsection 30(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 30(2) of the bill be amended by adding the following sentence at the end:

"However, such allowances may only be given to participants in energy-intensive industries with high trade exposure."

Chair, this is meant to simply amend the potential for the minister to give registered participants free emission credits. Again, my worry is that free credits—too many of them—would undermine the carbon market, would undermine the price of carbon.

I understand the need for transition. I understand the need for support to energy-intensive industries in a highly trade-exposed environment, but I think that has to be limited and I don't think they should be given out to companies or institutions that in fact don't meet these criteria.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We're concerned about limiting the flexibility of the program. There may be other industries that are going to have difficulty in the transition that may not be energy-intensive industries but nonetheless would find difficulty in the transition period to the cap-and-trade program.

So we'll vote against this. We prefer the flexibility. We're working with the NDP on other areas of this, and we'll continue to consult with the broader industry and address this issue in regulations.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We're concerned. We don't like the way it's limited to the energy-intensive industries—we think anything that's trade-exposed. But we are against the fact that these are freely given out by the government. We don't think they've earned the trust of the populace to give these credits out in a responsible and truly technical manner. We've seen in the past where they've been made for political favours, and we think that's wrong. We think the public are very suspicious of this government, and motions like this would tend to force the government to follow a standard practice that's based on good, sound, technical advice.

1720

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Just a recorded vote.

The Chair (Mr. Grant Crack): No further discussion? We shall move to the recorded vote.

Ayes

Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 23 defeated.

We shall move to NDP motion 24, which is an amendment to subsection 30(2). Mr. Tabuns.

Mr. Peter Tabuns: I move that subsection 30(2) of the bill be struck out and the following substituted:

“Transitional measures, distribution free of charge

“(2) In order to support the transition to a low-carbon economy, the minister may distribute Ontario emission allowances to registered participants free of charge on a date or during a period prescribed by regulation, and shall do so in accordance with the regulations and shall report annually the total number of Ontario emission allowances distributed free of charge.”

Chair, these emission allowances will be worth a lot of money. The potential here is to give away amounts in the hundreds of millions of dollars. I think, at a minimum, Ontarians deserve to know who gets those allowances and what their value is.

This is effectively public value, and the government should be held to account for how they decide to distribute that, and companies that receive this public support should be open about the fact that they have received it.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Arthur Potts: Under the rules of the act, people will know who is getting it; that's the objective. It needn't be in the act; it's all accounted for elsewhere.

Mr. Peter Tabuns: Then you'll have no trouble supporting this amendment.

Mr. Arthur Potts: We'll be voting against it.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I have a concern. On one hand, the government says this is not required because they'll be following the purpose of this amendment, but on the other, they can't support it.

As was mentioned, these credits are worth billions of dollars, yet we want to trust this government to give them out as they see fit and not be able to have any scrutiny over where they're going. This just highlights that, time after time since I've been here, we've seen the government ask us to trust them, but they have not earned that trust, whether it be in deleting records that they were so interested in making sure would be given to the public—we saw thousands of pages of documents given out, clearly with information whited out. It was documentation that was supposed to be open to the public. It really makes you wonder: If it's of no importance, why are they taking the trouble of whitening out or redacting information? So, I guess, why would people trust them anymore?

It's only through some leaks from the ministry that we're able to get any information. Now we see, with the ability for handouts being made here that are outside the scrutiny, certainly, of the opposition parties and the public—why is that in the best interest of any open and transparent process?

It just boggles the mind that they still try to use the term “open and transparent” when we've seen the record we have been subjected to over the last 12 years.

I think the NDP have a motion here that is worthwhile considering.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Just a recorded vote.

The Chair (Mr. Grant Crack): No further discussion? We shall proceed to the recorded vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 24 defeated.

We shall move to NDP motion number 25, which is proposing new subsection 30(2.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

“Phase out

“(2.1) The regulations mentioned in subsection (2) must establish a timeline to phase out the use of free of charge emission allowances.”

Frankly, Chair, the free allowances make sense in a transition period but don't in the long run. There needs to be some certainty in terms of investment for companies. They need to know when the phase-out will, in fact, commence. It's going to have substantial impact on decisions they make around what kind of energy systems

they use, and it should be incumbent on the government to actually set up a timeline for the phase-out of free emission allowances.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We're delighted with the NDP on the alternative version of this motion. We are committed to phasing out allowances, but we're not accepting this particular motion.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote.

Those in favour of NDP motion 25? Those opposed? I declare NDP motion 25 defeated.

We shall move to NDP motion number 26, which is an amendment proposing new subsection 30(2.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

"Same

"(2.1) Before January 1, 2021, the minister shall make available to the public an outline that describes how the distribution of allowances free of charge will be phased out as Ontario makes the transition to a low-carbon economy."

I'm glad that the government is supportive of this alternative wording. I don't think it's as effective as the one I put previously, but it still may be useful. I would hope the committee would support it.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We will support this. We appreciate the member's time with this issue.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Well, we're just concerned with the timeline for the free allowances. We have concern with our neighbours to the south. Who knows when they're going to actually put in some type of system? Depending on the effects of this election—there's one party down in the States that is avidly disagreeing with putting a price on carbon. We may not see this happen for more than four years. There's a good chance.

Mr. Arthur Potts: Mr. McDonell, you're supporting Mr. Trump, too?

Mr. Jim McDonell: No, I'm just saying what the reality is down there. We're talking about states. There are a good number of states down there that have said they will not move forward. They've got court challenges out.

To blindly go through and to say that our industries do not need protection—we're trading with those same states. I mean, let's be realistic. If we added a tax like this, why would you produce a product here? It's a free economy. We're built on a capitalist system. If you can make more money by moving to a different jurisdiction—unfortunately, we've seen that time and time again.

One would think that this government would wake up and see why all of these jobs have left. They haven't left for Third World countries; they've left for our competitors. If we cannot compete with the United States and Mexico, we've got some serious problems.

The biggest issues we have are problems with this government and its policy of high energy costs; we used to have some of the lowest energy costs in the world. We have a high property tax. We have high payroll tax. Why would you come here? Just go down to where I live and you'll see American states openly advertising on their TV stations, "Come south. We'll give you free property taxes for years." Lower energy costs: They're bragging about it and rubbing our noses in it. We're not smart enough to see what's happening here? That's the concern.

I talked to my businesses and they're fed up. They wonder where this government is going. There are no explanations coming back from this government. Trying to tell them just what they're up to, where their planning is done—they just don't see it. I know that through the election rules they put in place under the McGuinty government, getting out any of the other parties' election plans and skewing them has been made very easy by the tens of millions of dollars being spent by—none of the three parties. We need to see some changes if we're going to survive through this economy. It's going to be a high-tech economy that unfortunately we're going to be disadvantaged by.

We have some real problems with this bill and would like to see it actually withdrawn completely—move back to a simple price on carbon that cannot be manipulated, instituted once our neighbours to the south are instituting theirs. I think that's all business is asking.

1730

It's nothing short of the tire tax that was put on—and getting a call not from my riding, but from the riding to the north. My distributor said, "I can go three miles east of where my shop is and the tax on farm equipment"—over \$1,000 at the time—"is not being paid. Why would anybody come to my shop?" And that's the question. Why would you buy in Ontario, when you can get it for essentially free, or without that tax, in Quebec?

This is something very similar. I think we have to stand up for our rights. We can't let the millions of dollars move south of the border. That's really a trade deficit. We talk about our trade deficit with the States; well, you're doing as much as you can to make sure that that's more negative than it is today. So we have a lot of concerns and we have a feeling that this will impact our economy for years to come.

The Chair (Mr. Grant Crack): Further discussion? Ms. Martow.

Mrs. Gila Martow: My colleague just mentioned trade with the States and with Mexico. We don't even have to go that far. We see a lot of companies relocating to other parts of Canada, including New Brunswick. A lot of times, governments think that they can manipulate things based on their own—

Mr. Arthur Potts: Point of order, Chair?

The Chair (Mr. Grant Crack): Point of order, Mr. Potts?

Mr. Arthur Potts: I'm not quite sure what this discussion, continuing from the previous member, has to do with this particular motion, so I'd like them to bring it around.

The Chair (Mr. Grant Crack): I just remind the member to try to concentrate on the motion that was put forward. Continue.

Mrs. Gila Martow: Okay. I just wanted to make the comment that we're trying to be competitive and that's what our concern is. This is making us increasingly uncompetitive.

I was going to say that we saw that people were somewhat surprised that there was a judgment just this week about bringing beer across the border between Quebec and New Brunswick. It got shot down and that was government legislation. Finally the court woke up, almost a hundred years later, and said it's not right.

I'm concerned, and I think some of the concerns we're raising aren't just for the economy and aren't just for the taxpayers. It's also that we want things to be locked up tight in terms of court challenges if we're going to proceed with any kind of reasonable plan. Otherwise, we just end up in the courts and nothing gets done.

I think that we saw so many amendments from the government on their own bill and that concerns us, that this was just rushed through and wasn't planned properly. If the bill is not going to be done properly, then we shouldn't be doing it.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion number 26.

Those in favour of NDP motion 26? Those opposed? I declare NDP motion 26 defeated.

We shall move to NDP motion 27, which is proposing a new subsection 30(2.2). Mr. Tabuns.

Mr. Peter Tabuns: One second, Chair.

Mr. Arthur Potts: Chair, is there a capacity to reopen that vote? I would like to move for the unanimous consent of the committee to reopen that vote. It was my intention to support that motion. My apologies—the tedium that I got from the other side—if you would humour us to reopen this, I would be most appreciative. Unanimous consent of the committee?

The Chair (Mr. Grant Crack): As Chair, I have the privilege to ask the committee if there is unanimous consent to revisit the previous motion that had just been defeated. Do we have unanimous consent? We have a “no.” It's a no.

Mr. Arthur Potts: Seriously?

Mr. Lou Rinaldi: Wow.

The Chair (Mr. Grant Crack): So we'll move to NDP motion—

Mrs. Gila Martow: I think the problem is that you're too used to voting everything down, so you missed your shot.

The Chair (Mr. Grant Crack): Excuse me. A little order here.

We're going to move to NDP motion number 27, which is an amendment proposing new subsection 30(2.2). Mr. Tabuns?

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

“Restriction

“(2.2) An Ontario emission allowance that is distributed free of charge may not be subsequently sold or traded, despite anything else in this act or the regulations.”

Chair, the giving out of free allowances is something that will be of great financial benefit to those companies that receive them. The way the bill is written now, not only will a number of companies get free allowances, but they'll also be in a position to sell them. Again, my concern is that we may find ourselves in the same situation as Europe found itself in, with an oversupply of carbon credits on the market. I don't see a reason why we should give away these credits that can be sold subsequently for greater profit, and I would ask that this restriction be placed into the act.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 27.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 27 defeated.

We shall move to NDP motion 28, proposing new subsection 30(2.3). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

“Restriction

“(2.3) No more than 4.7 per cent of Ontario emission allowances that are distributed free of charge may be subsequently sold or traded, despite anything else in this act or the regulations.”

It may be that the government is not enthusiastic about all of the emission allowances being restricted from further sale. This would give some of those allowances value and, again, it would help us avoid the problem of flooding of the market and an unnecessary and unreasonable enrichment of companies.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: An important part of this program is that we reward companies that do innovative things and then they can actualize their credits in a way in which they can spend more money doing climate

reductions in their firms. I think this motion would remove that reward. We'll have to vote against it.

The Chair (Mr. Grant Crack): Mr. Tabuns and then Mr. McDonell.

Mr. Peter Tabuns: Frankly, if companies think that they can come in substantially under the allowance, they can buy credits and resell them. There's no obstacle to that. It's just that if they get them for free, there's a limitation on how much money they can make off them. I would say that most people in Ontario don't think we should be giving away free money.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: Taxpayers are going to be forced to pay about \$900 every year on gas and home heating to fund this government's cap-and-trade scheme. Ontario taxpayers are going to bear the brunt of this new tax burden. We have tried this in other areas. It's very, very difficult to hand out credits and then expect—you're doing that so that companies can buy and sell and then make money at it.

We're concerned with this government's ability to hand these out, because they are like handing out cash. This government is going to be picking winners and losers. They haven't been doing a great job. They seem to be doing it for other than what people might term as the "right reasons." We have to scale back what we give out, and they should be given out only to companies that are trade-dependent and energy-intensive, because these are the companies that are being penalized when they are dealing with a market that is not dealing with a cap-and-trade system.

We have to make sure that if you're determined to move ahead on this system—it hasn't worked out because the biggest problem with cap-and-trade is coming up with a system that works and does not add undue regulation and administration. Clearly this plan is not one of those. We're concerned about the impact, as we said before. We see that the economy in Ontario has been impacted by policies of this government in the past and we expect that this will just do more of the same.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on NDP motion 28.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): There is a request for a recorded vote.

Ayes

McDonell, Tabuns.

Nays

Hoggarth, Malhi, McMahon, Potts, Rinaldi.

The Chair (Mr. Grant Crack): I declare NDP motion 28 defeated.

We shall move to government motion 28.1, amending subsection 30(3). Mr. Potts.

Mr. Arthur Potts: I move that subsection 30(3) of the bill be amended by striking out "the amounts" wherever it appears and substituting in each case "the number of amounts".

1740

The Chair (Mr. Grant Crack): Is it "the number or amounts" or "the number of amounts"?

Mr. Arthur Potts: "The number of amounts"—"or amounts"—"of amounts." I'm sure it should be another "of amounts."

Ms. Laura Hopkins: No.

Mr. Arthur Potts: "The number or amounts." My apologies.

The Chair (Mr. Grant Crack): Let's be clear: "the number or amounts."

Further discussion?

Mr. Arthur Potts: It's just a technical amendment, with the assistance of legislative counsel and Hansard in getting it absolutely correct. Thank you very much.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote.

Those in favour of government motion 28.1? Those opposed? I declare government motion 28.1 carried.

Let's move to government motion 28.2, amending subsection 30(4). Mr. Potts.

Mr. Arthur Potts: I move that subsection 30(4) of the bill be struck out and the following substituted:

"Restrictions re: distribution free of charge

"(4) If Ontario emission allowances are distributed free of charge, the regulations may specify the basis for determining which participants may receive allowances, and in what number or amount, and may prescribe circumstances in which a participant is ineligible to receive allowances."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: This motion removes the phrase "to receive the allowances" and replaces it with "to receive allowances." It's simply technical in nature.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We don't see anything that really ties the allowances to need versus competitiveness or energy intensiveness. The intent, and what this motion will do, is undetermined, but the overall scheme here is really penalizing too many of our businesses.

Again, we can't say enough that there's a reason why our neighbours to the south aren't moving ahead in this. They have much a bigger impact. We can be bankrupt for many, many decades before they ever see a need to move ahead with this. So what have we done?

I know that our participation is almost a ceremonial participation—

Interjections.

The Chair (Mr. Grant Crack): Order. I'm having a hard time hearing.

I apologize, Mr. McDonell.

Mr. Jim McDonell: —because at 0.1% of the total, we really have very little impact in this over our climate

change, unless we can use that to pull our neighbours along and have them step up to the plate—

Mr. Lou Rinaldi: Exactly.

Mr. Jim McDonell: Well, they aren't. You're talking about one neighbour out of 49. They don't even border us, by a long shot. We don't compete with California for most of our products. Our manufacturing is in other states.

At one time, there were many states involved with this western alliance. They all pulled out. Yet this government seems to move ahead strongly.

Again, I go by what some of my own constituents are saying: Do not go to a cap-and-trade system, because of the administration and the costs of doing this. They've seen it. They've spent hundreds of thousands of dollars in cheques down to California companies. How anybody could consider that to be positive, without having some tie back to the rest of the country—I mean, we're talking about a very small percentage of the overall population of the United States. Throw in Mexico and that, and it's even worse.

As I say, we've seen our auto business—

Ms. Ann Hoggarth: Let's go.

Mr. Jim McDonell: We've seen our auto business diminish by large—

Ms. Ann Hoggarth: You didn't help them, did you?

The Chair (Mr. Grant Crack): Order.

Mr. Jim McDonell: Well, we couldn't help them because you guys had the power. When you look at the issues that they talk about, and why they left, they're all directly tied back to this government. This is another issue—

Mrs. Gila Martow: They take the subsidies, and as soon as the subsidies are gone, they're gone.

Mr. Jim McDonell: Yes. They've done everything they can. They made all their donations to this party. We're seeing GM moving now. We're seeing Ford leaving. Who is left? Toyota has moved the Corolla out of this country. They're leaving their less popular vehicles back here to make the next decision easy. This is just the final nail in the coffin. I think it's unfortunate.

Yes, we want the ability to debate this and to bring our points up. For the most part, we've been quiet when you've spoken. I guess if I was on the opposite side of the table, I'd be embarrassed by this bill as well, and I guess I'd want to shout down the other side.

I think what you're doing here is very negative for our economy. I think it's time you listened to the chambers of commerce, which have spoken almost unanimously against this legislation and what you're putting in place. It's going to be very hurtful not only to our economy, but when you look at the number of people who will be requiring extra assistance—the money will not be there. When you're losing your tax revenue, I guess you could raise the percentage you're collecting all the time, but eventually that doesn't work.

The Chair (Mr. Grant Crack): Further discussion? There being none, we shall call for the vote on government motion—

Mr. Arthur Potts: I'd like to take a five-minute recess.

The Chair (Mr. Grant Crack): That is in order. Do I have a consensus?

Mr. Peter Tabuns: Actually, I suggest that we take a 20-minute break. You've called the vote; I'll ask for 20 minutes.

The Chair (Mr. Grant Crack): I was calling for the vote on government motion 28.2. There was a request for a five-minute break. That would have needed consensus.

Mr. Peter Tabuns: I asked for a 20-minute recess.

The Chair (Mr. Grant Crack): Yes, we'll go with the 20-minute break. That didn't actually require consensus; I could have given that to you.

There has now been a request for a 20-minute break, which will take us past the deadline of 6 p.m. Therefore, I shall grant the 20-minute recess. As a result, we will recommence tomorrow morning at 9 o'clock, right here. I can't wait to see you all again.

This meeting is adjourned until tomorrow. Thank you, everyone, for all the work that you've done in almost five and a bit hours.

The committee adjourned at 1747.

CONTENTS

Monday 2 May 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Mr. Murray / Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en carbone, projet de loi 172, M. Murray	G-1021
--	--------

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)
Mr. Grant Crack (Glengarry–Prescott–Russell L)
Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)
Ms. Ann Hoggarth (Barrie L)
Ms. Harinder Malhi (Brampton–Springdale L)
Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)
Ms. Eleanor McMahon (Burlington L)
Mr. Lou Rinaldi (Northumberland–Quinte West L)
Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Arthur Potts (Beaches–East York L)
Mr. Peter Tabuns (Toronto–Danforth ND)

Also taking part / Autres participants et participantes

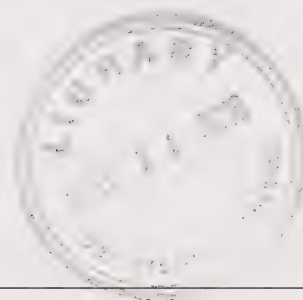
Mrs. Gila Martow (Thornhill PC)

Clerk / Greffière

Ms. Sylwia Przewdziecki

Staff / Personnel

Ms. Laura Hopkins, legislative counsel



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Tuesday 3 May 2016

Journal des débats (Hansard)

Mardi 3 mai 2016

Standing Committee on General Government

Climate Change Mitigation
and Low-carbon Economy
Act, 2016

Comité permanent des affaires gouvernementales

Loi de 2016 sur l'atténuation
du changement climatique
et une économie sobre en
carbone

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Tuesday 3 May 2016

Mardi 3 mai 2016

*The committee met at 0902 in committee room 2.*CLIMATE CHANGE MITIGATION
AND LOW-CARBON ECONOMY
ACT, 2016LOI DE 2016 SUR L'ATTÉNUATION
DU CHANGEMENT CLIMATIQUE
ET UNE ÉCONOMIE SOBRE EN CARBONE

Consideration of the following bill:

Bill 172, An Act respecting greenhouse gas / Projet de loi 172, Loi concernant les gaz à effet de serre.

The Chair (Mr. Grant Crack): Good morning, everybody. How is everyone today?**Interjections:** Great.**The Chair (Mr. Grant Crack):** That's wonderful. I'll call the Standing Committee on General Government to order. We're here this morning to continue the clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas—**Ms. Lisa M. Thompson:** Emissions.**The Chair (Mr. Grant Crack):** It just says "greenhouse gas."

Prior to the adjournment of yesterday afternoon, the discussion had already taken place with regard to government motion 28.2. There will be no further discussion on that. As such, I will call for the vote now, and then, if there's any questions or anything like that concerning the process and the meeting this morning, I will entertain them after.

I shall call for the vote on government motion 28.2. Those in favour of government motion 28.2? Those opposed? I declare government motion 28.2 carried.

Ms. Lisa M. Thompson: Chair?**The Chair (Mr. Grant Crack):** Yes, we'll continue. Ms. Thompson.**Ms. Lisa M. Thompson:** Thank you very much. I was just wondering if everybody would be amenable to just a five-minute break. We've given some amendments and we just want to have a chance to review them before we keep flowing.**The Chair (Mr. Grant Crack):** Is it the will of the committee to take a five-minute break?**Ms. Ann Hoggarth:** Five minutes?**The Chair (Mr. Grant Crack):** Five minutes.

Okay, so granted. I hear consensus. We'll be back at 9:09.

*The committee recessed from 0904 to 0909.***The Chair (Mr. Grant Crack):** Your five minutes are up.

Moving along, we will continue with NDP motion number 29, which is an amendment proposing new subsection 30(4.1). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

"Publication

"(4.1) Every year, the minister shall ensure that there is published on a website of the government of Ontario a list of all persons and entities that received Ontario emission allowances free of charge in the previous 12 months, and the amount of each such allowance."

Chair, I think I've previously made an argument about this type of amendment, the need for openness, the value of the emission allowances that could be distributed for free, and the necessity that transparency is present and that people understand who's getting the gift of free allowances.

The Chair (Mr. Grant Crack): Thank you, Mr. Tabuns. Further discussion? Mr. Potts.**Mr. Arthur Potts:** We've heard very clearly and we agree with the member that there should be a publicized list. We're pleased that we've been able to work with the member and the party opposite to come to a subsequent motion that, following this one, we'll be tabling. So we'll vote against this one, but I'm sure we'll get support for the next.**The Chair (Mr. Grant Crack):** Further discussion? Ms. Thompson.**Ms. Lisa M. Thompson:** We just want to concur that we feel it's very important that there's disclosure of free allowances.**The Chair (Mr. Grant Crack):** Further discussion? There being none, I shall call for the vote on NDP motion number 29. Those in favour of NDP motion number 29? Those opposed? I declare NDP motion number 29 defeated.

We shall move to government motion number 29.1, which is proposing a new subsection, subsections 30(4.1) to (4.3). Mr. Potts.

Mr. Arthur Potts: Just a point of clarification: I believe I won't move the motion that was first before us.

I will not move that one, and then I will move the one following. I think we have to deal with the first one first.

The Chair (Mr. Grant Crack): If you would want to indicate to the Chair that you will not be moving that one, that would be fine.

Mr. Arthur Potts: I'm not moving 29.1.

The Chair (Mr. Grant Crack): Okay. It has been declared that the government side will not move government motion 29.1.

We shall move to the new motion, which is government motion 29.1.1, which is an amendment to create a new subsection, 30(4.1) to (4.4). Mr. Potts.

Mr. Arthur Potts: I move that section 30 of the bill be amended by adding the following subsections:

"Public notice

"(4.1) If Ontario emission allowances are distributed free of charge, the minister shall make the following information available to the public within 24 months after each such distribution:

"1. A list of the mandatory participants and voluntary participants to whom allowances were distributed free of charge.

"2. Subject to subsection (4.2), the number or amount of allowances that were distributed to each of them.

"3. Such other information as the minister considers appropriate.

"Same

"(4.2) In such circumstances as the minister considers appropriate, aggregated information may be provided about the number or amount of Ontario emission allowances that were distributed free of charge to some, or all, recipients.

"Same

"(4.3) Without limiting the generality of subsection (4.2), the minister shall take into account any issue of confidentiality in deciding whether to provide aggregated information for some, or all, recipients.

"Transitional measures

"(4.4) Before January 1, 2021, the minister shall make available to the public an outline that describes how the distribution of Ontario emission allowances free of charge will be phased out as Ontario makes the transition to a low-carbon economy."

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes, as indicated under the last motion brought by the NDP, I think this meets the objective of transparency about getting a list out associated with those who will receive free allowances.

I also will note that (4.4), the transitional measures, is our ability to put back into the act something that the members of the opposition party ungraciously refused to allow us to do yesterday by giving us unanimous consent to revisit a vote that we had mistakenly voted against, but we meant to vote in favour of. So now we're able, though the machinations of this wonderful democracy that we live in, to bring forward the same.

I want to thank Mr. Tabuns for assisting us in bringing this forward.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: It's interesting, because as the loyal opposition, we previously brought forward numerous attempts and motions to improve the transparency of the Liberal cap-and-trade scheme. With regards to motion 29.1.1, we're just happy to see that this government realizes that there needs to be an improvement in this regard. It's interesting, the manner in which they've brought it forward, but we're glad to see they finally saw the light in that regard.

The Chair (Mr. Grant Crack): Further discussion? There being none, I shall call for the vote on government motion 29.1.1.

Mr. Arthur Potts: Recorded, please.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. I shall call the vote on government motion 29.1.1.

Ayes

Colle, Hoggarth, McDonell, McMahon, Potts, Tabuns, Thompson, Wong.

The Chair (Mr. Grant Crack): I declare government motion 29.1.1 carried.

We shall move to PC motion number 29.2, which is an amendment proposing new subsection 30(4.1). Mr. McDonell.

Mr. Jim McDonell: I move that section 30 of the bill be amended by adding the following subsection:

"No selling, etc.

"(4.1) No registered participant who receives an Ontario emission allowance free of charge shall sell or trade it or otherwise deal with it."

The Chair (Mr. Grant Crack): Further discussion, Mr. McDonell? Ms. Thompson.

Ms. Lisa M. Thompson: Well, as we know, even going back to attending COP in Paris this past December, in speaking to other jurisdictions they were very clear in saying, "Why is Ontario going with cap-and-trade? Haven't you learned from us?" Because their system was full of fraud—fraught with fraud, let me put it that way. There were so many serious problems with companies making a windfall of profits off of these free allowances.

It was just recently reported that Tata Steel in Britain made £700 million by selling allowances it was given for free. We can't let this happen in Ontario. It's all going to fall on the shoulders of taxpayers. They're going to be forced to fork over nearly \$900 more every year on gas and heating their home alone, based on some industry analysis that we've received. No company or organization should be able to profit off of free allowances while Ontario taxpayers foot the bill for cap-and-trade.

I might want to remind everyone in the room that just last Thursday at the Economic Club, the Minister of the Environment himself said that this cap-and-trade scheme is going to be very costly for Ontarians, businesses and taxpayers alike. Those are his own words. We have an

opportunity today to actually stand up for Ontario taxpayers, instead of making them fork over more money that ultimately, by the minister's own admission last Thursday, is going to subsidize and allow this government to continue to pick winners and losers. We are very firm in our stance with regards to the prohibition of selling or trading free allowances. This motion speaks to that very point.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Yes. What's clear in this motion is that it undermines the whole purpose of the trading mechanisms of the cap-and-trade program and it underlies the official opposition party's continued campaign against a credible plan for reducing greenhouse gas emissions. We will clearly be voting against this, and we look forward to doing so quickly.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Again, I ask for the members opposite to listen to the words that I'm using from their own minister. It's going to be very costly for Ontarians, taxpayers and businesses alike. He himself said that this money is going to be used to subsidize. For goodness' sake, the last time your government introduced subsidies at this grand scale, it was facilitated by the Green Energy Act and now we have extraordinarily high electricity prices. Honestly, this is just one measure to building credibility in your cap-and-trade scheme. This is not about undermining; this is about listening to other jurisdictions and learning from their mistakes. It just boggles my mind, Chair, that this government is turning an absolute deaf ear and blind eye to how this scheme has failed in the rest of the world. By the minister's own admission, it's going to be very costly.

This is one tweak. We're trying to help you here. We're trying to help you build credibility in prohibiting the sale or trading of free allowances. It's not about undermining; this is about standing up for Ontario taxpayers.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: The allowances are given out free of charge to help industries that have—they're given out to allow them to compete. If you're allowing them to just turn around and sell them—and there are nasty examples of how this didn't work in Europe. This one company, Tata Steel—over a billion dollars, a £700-million profit from free allowances. We all know; we've seen the record of this government. What would stop them from giving out these allowances? It's akin to dumping cash into somebody's lap. We think that that's unfair and we don't think that's good for the system.

0920

If you're going to have the system work—we're against the cap-and-trade system because it has been proven it's too complicated to work well. When you're doing things like this, it just adds to the issues you have with it. Simple pricing on carbon would be so much easier to handle.

I know in my riding, I've had businesses that operate in Quebec talk about the cheques they're writing for

California. You have to wonder about a system that started out with seven states and is now down to one. What happened to the other states? They pulled out. So we're talking about a very small allegiance here of two provinces and one state where you're dealing with an artificial economy on cap-and-trade. How do we compete with the rest of the 49 states and the rest of the provinces? You're not making sense.

If you're operating a business, why wouldn't you just move to a state where you don't have to worry about these extra costs? It doesn't seem to be an issue with this government. We've seen in the last 12 years they have allowed our industry to—you forced them to leave through your uncompetitive policies, whether it be policies that drove up the costs of the payroll taxes, the cost of energy or the property taxes. You have to have one or two issues here that make it worthwhile to operate a business in Canada other than our agricultural industry; it's pretty hard to move the land. That's where you've gotten to: We're being left with what can't be moved. Anything that can move, good manufacturing jobs, has left this country—and not gone to China, they've gone to our neighbours south, because this government has made that a more favourable location to operate in.

The Chair (Mr. Grant Crack): Thank you very much. Further discussion? There being none, I shall call for the vote on PC motion 29.2. Those in favour? Those opposed? I declare PC motion 29.2 defeated.

We shall move to PC motion 29.3, which is an amendment creating new subsections 30(4.1) and (4.2). Mr. McDonell.

Mr. Jim McDonell: I move that section 30 of the bill be amended by adding the following subsections:

“Restriction on selling, etc.

“(4.1) No registered participant who receives an Ontario emission allowance free of charge shall sell or trade it or otherwise deal with it unless the participant notifies the minister in writing within two days after the dealing takes place.

“Notice

“(4.2) The minister shall publish the notice mentioned in subsection (4.1) on a website of the government or in such other manner as is prescribed.”

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: Again, we have a worry about these free allowances. We had many places where we've seen allowances being abused. We want to make sure that that's at least transparent. Clearly, the government is all right with companies making a profit off of these free allowances while Ontarians foot the bill. Because the government insists on giving businesses the ability to make profits off of free allowances, those transactions should at least be transparent. Any business that sells or trades a free allowance must notify the government. The information related to that sale must then be disclosed to the public.

I would have to assume that if free allowances are given out, there's a business case that's done to show why the business needs these allowances to compete. If

they turn around and sell them, obviously there's an issue with the business case that was made or the people who evaluated it. Why the government would, after listening to a business case on why somebody needed allowances to compete, then allow them to sell it, we're not sure, but at least the public should know what's going on.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I applaud my colleague for recognizing the lack of examination and proof points for this particular cap-and-trade scheme. Even going back to November and December, when we were asking the government to provide a cost-benefit analysis, we were met with a glazed-over look. We don't trust that the proper numbers have been crunched. A day or so ago, I heard a member from the third party reference the government's approach to finance as "fun with numbers." I'm worried that this particular initiative is following the same path.

Again, why are they doing this? It's because they're choosing to pick winners and losers. It's stunning. It's the folks who they choose to receive allowances who will have the opportunity, possibly, to cash in and continue on the same treacherous path that the European Union experienced.

It concerns me because, again, we have to bring to light that this government is excluding some of the best stewards of the environment—the Ontario agri-food sector—from even participating in the first round of compliance. The best stewards of the environment, the people who work and live off the land, possibly won't even be brought into this scheme until 2020.

It gives us yet another reason to doubt this government, to not trust the government and the manner in which it is building up its opportunity to continue its path of picking winners and losers. We stand against it, very clearly.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We'll be voting against this motion because, again, I don't think the members are fully contemplating how important it is to be able to sell allowances. If someone who has received a free allowance is in a position to be able to sell that allowance, it's because they've made massive investments in order to reduce their greenhouse gas emissions below the targets that have been set.

This is a reward program. This is not a windfall profit where if someone gets a free thing, they sell it. This is so that they're incented now to go and make the investments to reduce the greenhouse gases in the production process, and that provides a situation in which they now have excess capacity that they can sell in the open marketplace.

It's a win-win for business if they do the job the way this design is—so we'll be voting against this and look forward to moving forward.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I appreciate the comments that were just shared by the member opposite. It's grand

in theory, but we've seen in Europe that that theory has failed and the absolute opposite happened. We have to be mindful of that. Our motion is to ensure that taxpayers are stood up for and protected so they're not shouldering a huge burden while other folks can make a profit off the free allowances.

In theory you make a good point, but in reality we have seen in other jurisdictions around the world that the opposite actually happened. We just want to ensure that that profiteering doesn't happen on Ontario taxpayers' shoulders. That's why we've put this motion forward. We feel it's very thoughtful.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I think you have to look at the administration of the system. The cap-and-trade system is certainly a lot more top-heavy with administration, and of course, that administration has to be covered by the residents of this province.

When you're getting into allowances and the need for them, it all adds into the evaluation and the granting of them. One has to wonder, when you're only asking that when somebody is selling a free allowance, they be published, even if I follow through on the argument that the member opposite talks about, with people earning allowances, what is this with the granting and the selling of free allowances being done in secret? It's not the way you run a transparent system.

Really, this whole system depends on being transparent. If good ideas are there in public view, everybody benefits. If things are being done in secret, deals can be made so that the rest of the industry is not allowed to see what types of improvements can be made and what credits they would generate. It's a loss to the whole system. Why, especially with the free allowances? They're given out for a reason. I'm sure there's a business case showing why they're needed, at least the volume. Then a company can turn around and sell them and nobody knows about it? It just doesn't seem to make sense. It doesn't pass the smell test.

0930

The Chair (Mr. Grant Crack): Thank you very much. Further discussion on PC motion number 29.3? There being none, I shall call for the vote.

Mr. Arthur Potts: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote, which shall be entertained. Shall PC motion 29.3 carry?

Ayes

McDonell, Tabuns, Thompson.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare PC motion 29.3 defeated, which takes us to NDP motion number 30,

which is an amendment proposing new subsection 30(7). Mr. Tabuns.

Mr. Peter Tabuns: I move that section 30 of the bill be amended by adding the following subsection:

“Return of allowances

“(7) If a recipient of Ontario emission allowances issued free of charge experiences a decline in product output that had not been anticipated when the allowances were issued, the minister shall take back allowances that were issued free of charge based on an amount of product output equal the amount of the decline in product output.”

The Chair (Mr. Grant Crack): Thank you very much. Discussion?

Mr. Peter Tabuns: I would say that if you look at the experience of the European Union Emissions Trading System, the recession of 2008-09 led to a precipitous decline in production. Many companies had large volumes of free allowances because there wasn't a market for those allowances, because production reflected a much lower level of economic activity. Those allowances were available to flood the market and drive down the cost of carbon precipitously. Thus, a system that was supposed to drive innovation and change became a system in which free or almost free allowances allowed companies to carry on as they had in the past. Effectively, you had a system of devaluation of those allowances.

The tighter the issuance of allowances, the greater the price and the greater the incentive to actually change. What we're trying to do here is avoid a situation in which the market is flooded with cheap allowances and thus undermines the incentive, the initiative to actually drive technological change and cut emissions.

That's the theory. That's the reasoning for this. I would hope that those who are interested in climate change and reducing greenhouse gas emissions would support this tightening of the market.

The Chair (Mr. Grant Crack): Thank you very much. Mr. Potts.

Mr. Arthur Potts: Our government's approach to this—we take an evidence-based approach to assigning allowance benchmarks sector by sector. Our concern is that this motion will result in a disproportionate impact to some sectors and not others. There are other mechanisms in the act allowing the minister to take back allowances, so we will not be supporting this motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: We're very, very concerned about the whole cost administration here. As we say, the people of Ontario are going to have to foot this bill. The businesses are going to have to foot this bill. We're setting ourselves up like a bubble in a huge population of this continent. They're going to have to act with—essentially, and you can call it a cost or a tax, the rest of the continent doesn't have to deal with it.

I haven't heard yet from this government any indication of how they expect that these businesses are going to compete when we're not—Ontario should be a leader in

this continent. We should be working with the other states and provinces to lead a plan that's homogenous across the continent and it really doesn't matter where the borders are because everybody's following the same rules.

We're following a very expensive, very high-administrative-cost system here. You're dragging money out of the economy that should be going into productivity. We're losing productivity; it's driving up the costs and driving down our productivity. These are the people who are paying our taxes. These are the people who are hiring people, allowing people to work. When they move to New York state or Michigan or Ohio, they no longer pay Ontario taxes. There's less money to pay for expensive systems like this. It's similar to what we saw with hydro last month. Where there are fewer people paying the bills, the bills go up. It's not a fancy mathematical calculation; it's very simple. You have an end result that shows a figure—a product—and if you take one of the figures down, the other has got to go up to be the same.

I know it was a bit of an embarrassment when Hydro One came out and gave the reason for the rate increase: It's because we don't have as many people buying the same amount of power. That's because it has gone up in price and people have less money.

When you put this cap-and-trade system in, people are going to have less money. They're going to be able to spend less. You're not returning it back in another form, and that means we're buying less, so that's a problem where less tax is being generated. The businesses that rely on our ability to buy are going to be selling fewer products, so they're paying less taxes, and the ones that are competing outside this province, their products are going up, so they have to be able to generate enough savings through layoffs of employees or cutting back other costs.

We've had, I'm going to say, 20 years of cost-cutting in this province, so there's not a lot of cost-cutting left without shutting down. So they have to make a decision: “Do I move to a lower-cost jurisdiction”—unfortunately, there are lots of them on this continent now—“or do I close the doors?” Or, “Can I shrink?”

That's all this is going to do. I haven't heard the government give any indication as to how we're going to combat this. They made light of it in the past, when we've seen payroll taxes go up to be the highest on the continent; property taxes are arguably the second-highest on the continent; and our energy rates are the highest. What else is left?

We can be a very productive people, but you're really disadvantaging our workforce by shouldering them with this heavy workload and heavy cost.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote. No further discussion? We shall therefore call the vote.

Shall NDP motion number 30 carry?

Ayes

Tabuns.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 30 defeated.

There are no further amendments to section 30. However, there were three amendments that passed, so we shall deal now with section 30, as amended. Is there any further discussion on section 30, as amended? There being none, I shall call the vote on section 30, as amended. Those in favour of section 30, as amended, carrying? I declare section 30, as amended, carried.

Also, at a prior meeting, there was another amendment that was stood down, which is PC motion 30.0.2, which creates new subsection 30.1(1). I would ask a member of the official opposition—Ms. Thompson.

Ms. Lisa M. Thompson: Just for clarification, we would like to withdraw 30.0.1.

The Chair (Mr. Grant Crack): That was already withdrawn at the previous meeting.

Ms. Lisa M. Thompson: Was it? So now we're going to go forward with 30.0.2?

The Chair (Mr. Grant Crack): That's correct.

Ms. Lisa M. Thompson: Okay.

The Chair (Mr. Grant Crack): If you so choose.

Ms. Lisa M. Thompson: Yes, we do, thank you.

The Chair (Mr. Grant Crack): Very good. Ms. Thompson.

Ms. Lisa M. Thompson: I move that the bill be amended by adding the following section:

"Public notice of Ontario emission allowances

"30.1(1) The minister shall make the following available to the public in accordance with subsection (2) in respect of each compliance period:

"1. The maximum number or amount of Ontario emission allowances that may be created under subsection 29(2).

"2. The total amount of Ontario emission allowances that may be distributed under section 30.

"3. The total amount of Ontario emission allowances that may be distributed free of charge under subsection 30(2).

"Same

"(2) The information referred to in subsection (1) shall be made available to the public on a website of the government or in such other manner as may be prescribed by the regulations,

"(a) in respect of the first compliance period, not later than the first day of the compliance period; and

"(b) in respect of each subsequent compliance period, not later than the day that is one year before the first day of the compliance period.

"Amounts distributed free of charge

"(3) The minister shall make the following available to the public in accordance with subsection (4):

0940

"1. The name of each registered participant that receives an Ontario emission allowance free of charge under subsection 30(2).

"2. The amount of such allowances each participant receives.

"Same

"(4) The information referred to in subsection (3) shall be made available to the public on a website of the government or in such other manner as may be prescribed by the regulations 10 days before the allowances are deposited into the participant's cap-and-trade account."

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, we feel very strongly that the government's discussions with regard to allowances have been murky at best. Almost all discussions have been designed, and this legislation will be taking place, behind closed doors.

For a government that has boasted previously about being transparent, we feel very strongly that we need to encourage this government to do better.

Ontarians deserve to know the government's decision on the allocation of allowances, and specifically free allowances. The government shouldn't be able to hide from accountability. I don't know what their issue is. It should have to report each company that receives free allowances, along with the amount. What do they have to hide? What are the secrets?

Again, it points to the fact that this government is setting up to choose winners and losers. The winners will be their buddies, perhaps folks who have generously funded the party, while the losers will be the Ontario taxpayers. It's the ordinary Ontarians who are going to lose and foot the bill.

At the very least they deserve transparency. This motion is an opportunity for this government to do right by taxpayers once and for all.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We appreciate the interest in creating the maximum amount of openness and transparency. I think we're striving in doing exactly that. That's why we passed, just in the previous section, a section that deals almost identically with the information presented here. Had the members opposite actually returned the phone calls from our staff who were working with their staff, they could have participated in a very co-operative way about getting this motion forward.

In fact, it's there. It's open. It's transparent. I appreciate the work that we've had with the NDP party in order to provide this level of transparency in reporting allowances. It's there in section 30 now, so we'll be voting against this.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I was around last night and I didn't receive any comments.

I've been in a number of committees and it's a tendency of this government to vote down every amendment by the opposition, whether they read it or not. That's what happened yesterday. You voted down an amendment and then, somehow, were embarrassed afterwards.

We're very concerned about the ability to create and distribute secret credits. We've seen the abuse by this government with grants, with contracts being awarded that aren't secret, and they're being abused. Why would we give them the ability to hand these out in a secret manner?

We think that it's not transparent. We have a government that promises to be transparent. At every opportunity they've had—they fought an election on it. But we don't see that through their actions. Granted, maybe they were just mistakes over the past, but they've been very costly mistakes. They've cost our province dearly. When it comes to productivity, we've driven up costs.

They're asking us now to trust them in a bill that they promised us, just two years ago, they would not be putting through. This came up as an election issue and the Premier was very clear that, "We will not put in place any form of cap-and-trade or carbon tax."

Very shortly after, we see, of course, looking at the books, they had a budget that supposedly was funded—their infrastructure plans—and all of a sudden they don't have the money to pay for it. This is strictly a tax that's being put on to pay for their lofty dreams. Really, the money is there. If they would just decide how to spend it in an efficient manner, we would have the money for health care. We would have money for infrastructure.

When you tell people that they've more than doubled the revenue, the question has to be, where has the money gone? There's \$65 billion of extra money, and it's gone. You still have to turn around and come back. This \$1.9 billion that's in their general revenue in this year's budget was not there two years ago in a budget that showed the same infrastructure spending. We were asked at that time, or the people were asked, to trust them, but now we're seeing that they're out of money again.

To allow this government to turn around and start giving away anything that's not public and not in the public perusal is dangerous, and we certainly can't support that.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: I find it curious, at best, to hear the kind of schoolyard tactics: "Oh, they didn't return our phone calls." Well, if a phone call was made, I'd really go back to the government and say, "Tell us the time. Tell us who you called. As members, we will deal with it accordingly on our side."

The Chair (Mr. Grant Crack): Further discussion on PC motion 30.0.2? There being none, I shall call for the vote on PC motion 30.0.2. Those in favour? Those opposed? I declare PC motion 30.0.2 defeated.

Members of the committee, we have dealt with the two sections of the bill that were stood down previously, so we shall return back to clause-by-clause consideration.

We're now at the short title, which is section 79. Is there any discussion on the short title? Then I shall call for the vote. Shall section 79 carry? I declare section 79 carried.

Next, we shall move to the schedules. We have a number of amendments, the first being NDP motion number 76, which is an amendment to schedule 1, subsection 1(1). I would ask Mr. Tabuns to read it into the record, please.

Mr. Peter Tabuns: I move that subsection 1(1) of schedule 1 to the bill be amended by striking out "to reduce, or support the reduction of, greenhouse gas" in the portion before paragraph 1 and substituting "to lead to a measurable reduction of greenhouse gas and the initiative is not already funded or committed to in other legislation, budgets or plans".

Chair, there are two elements in this amendment. The first is to allow for some precision in this question of reducing, or supporting the reduction of, greenhouse gases. We believe that it needs to lead to a measurable reduction of greenhouse gas. If it's not measurable, then it's very hard to say whether or not an investment has been worthwhile or useless. So there has to be that rigour in the wording of the act.

Secondly—and this is something I've touched on previously—we don't want the money that's raised through cap-and-trade to be used for things that are not additional to initiatives that are already in place and already funded. If one allows the funds raised through cap-and-trade to flow back to fill holes created by previous expenditures by the government, it makes it very difficult to hold the government to account and it makes it very difficult to move forward on greenhouse gas emission reduction.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We've had that discussion about funding indirectly repeatedly through the discussions on the motions on this bill. We'll have to vote against this because, once again, it limits the ability to fund indirectly, which we think is essential to creating the infrastructure that we need. So we'll vote against this schedule change.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I think we've heard statements by the government that the cap-and-trade was not there to fund projects that were previously announced, so I'm not sure why they would not support this, other than that it's a trend we're seeing where we really can't trust what they're saying, because it was not that long ago that we weren't going to see this bill in front of us.

Their budget is very clear: The \$1.9 billion that's showing in this year's or next year's budget wasn't there two years ago, and the infrastructure spending is the same. It's disappointing. It's the same thing as Hydro One: It wasn't there and now it's included in the profit, as well as some of the other assets. Unfortunately, some of those assets can only be sold once. You can take them as a cash flow, but the revenue generated from them now is gone forever. So we're somewhat concerned.

0950

The Chair (Mr. Grant Crack): Further discussion on NDP motion 76? Mr. Tabuns.

Mr. Peter Tabuns: I don't wish to belabour the point. I just want to note that the member for Beaches–East York talked about this referring to “indirect” expenses. That word is not in here. In fact, that isn't the intent of this. Eliminating indirect expenses is another matter and a legitimate initiative on our part. This is trying to avoid use of these funds to cover off other expenditures made by the government, effectively making the investments from cap-and-trade apply to stuff that's already been funded, freeing up money for government use in other areas rather than greenhouse gas emission reduction.

The Chair (Mr. Grant Crack): Further discussion? There being none—

Mr. Peter Tabuns: I request a recorded vote.

The Chair (Mr. Grant Crack): A request for a recorded vote, which shall be entertained. Shall NDP motion 76 carry?

Ayes

McDonell, Tabuns, Thompson.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 76 defeated.

We shall move to NDP motion number 77, which is an amendment to schedule 1, subsection 1(1), paragraph 1. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraph 1 of subsection 1(1) of schedule 1 to the bill be amended by adding “, but not including nuclear power projects, including nuclear refurbishment” at the end of the portion before subparagraph i.

Chair, the bill is not explicit in noting that funds can't be shifted into nuclear at this point. I expect that there will be substantial overruns in the nuclear refurbishments in this province. There will be pressures to move funds out of this account into those projects. Environmental organizations have made it clear to me that this reallocation of funds would be a great error on the part of the government. I'm seeking to block this particular loss of funds for climate action before things go forward.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Certainly, nuclear power is an important part of our energy mix currently. All of the refurbishments we've announced are being funded out of the rate base.

We'll be voting against this motion. We're not going to be overly restrictive in the way we're approaching it.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I do agree that nuclear power is a key to our future, but again, we've had the government commit us to these programs being previously funded.

I guess I'm not getting from them why, all of a sudden, they're keeping this card in their hand. Why are they keeping this so that—they promise on the one hand that this is for new initiatives; on the other hand, they will not take it off the table that they'll pay for previously-committed-to projects. Are we going to see another huge influx of money that's going to go to pay for their spending addiction on projects that are already supposedly funded? Their budgets are very clear. I guess that's why it's very hard to deceive the public.

How do you add that up? When you go back just a couple of years ago, these huge amounts of money—the \$1.9 billion for this, the billions on Hydro One—were not included in the cash flows. If they were, they were well hidden before the last election—because these are issues that they committed they would not do. When somebody tells you they will not do something and, within a few months of an election, immediately reverses flow, what else will you do?

These are major issues. You've heard from the public overwhelmingly that they're not in favour of these issues, especially with the selling of Hydro One, and yet we see the complete reverse. It's got people worried.

This is even worse because it's a long-term siphoning out of money. This is going to go into administration. We're not building infrastructure with the costs of this cap-and-trade. If it's cancelled in the future because our neighbours go a different route, it's wasted money, and we can't regenerate money that's been spent on administration. We're looking at a large bureaucracy being built here with no guarantee that this is the way of the future. If it were, you'd be working as a coalition throughout the continent on a system that would actually carry some teeth and be something we could get behind. But we don't see that. You're talking about three out of 62 or 63 jurisdictions heading off on a tangent on this cap-and-trade system. More than half of the states that were originally involved in this have already pulled out of the western alliance, and that's not talking about the states and the jurisdictions that never joined in the first place.

Do we have a concern? I guess we do. We haven't heard anything from the government that has been able to reassure us that we can trust these figures. Everything they've done in the past has shown us that we shouldn't trust them. The people of Ontario are going to pay the price on this.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I just want to echo what my colleague from Stormont–Dundas–South Glengarry was sharing and emphasize it with the fact that we have proof-points where this government has booked money over and over again. Our finance critic, Vic Fedeli, has done an awesome job in pointing it out. If the members opposite need, we can certainly share some Focus on Finance from our finance critic to specifically outline where they have used this money over and over again—

when you take a look at the Hydro One sale and where they've booked it in multiple places.

The fun with numbers has been outed, and we know what you've done in the past. That's why we worry about what is going to happen in the future. Past behaviour is indicative of future behaviour.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There is no further discussion—and a request for a recorded vote. I shall entertain the vote.

Ayes

Tabuns.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion 77 defeated.

We shall move to NDP motion number 78, which is an amendment to schedule 1, subsection 1(1), subparagraph 1 iv: Mr. Tabuns.

Mr. Peter Tabuns: I move that subparagraph 1 iv of subsection 1(1) of schedule 1 to the bill be struck out.

For those not familiar with it, this is a section that allows funding from our greenhouse gas emission funds to carbon capture and storage technology. I have to say, Chair, that the history of this technology globally has been a poor one. It's extraordinarily expensive and it's money that would be far better used to develop energy efficiency and renewables. I don't think it's a viable path forward for us, and is one that should not be used to use up all of the dollars that are going to be collected to deal with greenhouse gas emissions.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: Given the tremendous work this committee has done to bring openness and transparency on all of the projects, and the review of all of the projects, we wouldn't want to be limiting it. There may be opportunities here in carbon storage and capture; we don't know. Let's keep it as flexible and as open as possible. We'll be voting against this to keep this in the potential mix and let the environmentalists judge the projects as they come up on a case-by-case basis.

The Chair (Mr. Grant Crack): Mr. McDonnell.

Mr. Jim McDonnell: Yes. We would not want to see technology limited. I know that in the case of Manitoba, their coal plants have a carbon capture system in place. One plant captures the carbon, and they're using it for piping. They're using it to pressurize oil wells in, I believe, North Dakota so that the carbon does not go into the atmosphere. The other one is being captured in a field trial.

Carbon has a price as a commodity if you can capture it and solidify it. We're worried that we would try to

limit technology in the future, because technology is what's going to get us out of here. There's potential. I know we've had options for large storage projects that have not been approved by this government, but it seemed to be very important when we're looking at the types of power that they're supporting being wind and solar, where they produce power whether you need it or not. Some type of storage of this energy so that it can be reused later would be key to making any project like this work. But, of course, we've seen that one of the downfalls of our wind and solar projects is just that: that the energy can't be stored. It's not predictable. We've ended up overbuilding our capacity for what our need is.

1000

Our costs are going up—again last month. We already have—what?—our third increase or fourth increase within a year on our energy bills—the fastest-increasing energy jurisdiction in the continent. We're already taking a very high number and making it that much higher. I think we received something last year saying that they would be going up another almost 40% over the next five years, despite the huge increases we've had.

So it just goes to show: Technology is our future. Wind and solar are a problem until we come up with some type of storage system. If we can capture carbon and use it for something else, I think that's something that we would like to see happen.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote.

No further discussion? I shall entertain the vote.

Ayes

Tabuns.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 78 defeated.

We shall move to NDP motion number 79, which is an amendment to schedule 1, subsection 1(1), subparagraph 5 iii. Mr. Tabuns?

Mr. Peter Tabuns: I move that subparagraph 5 iii of subsection 1(1) of schedule 1 to the bill be struck out.

I'll just note: This refers to carbon capture, sequestration and storage. This section, paragraph 5, relates to initiatives in the agricultural and forestry sectors that will allow for the reduction of emission of greenhouse gases. I think that investments in such projects are worthwhile.

I have to say, though, that carbon capture, sequestration and storage are highly problematic. This bill does not address the problem that bedevilled this issue when it was dealt with in the course of the negotiations around the Kyoto Protocol; that is, that you may claim that you are reducing carbon emissions by keeping a forest

standing, and that's probably true. But the other side of the question is, who pays when there's a forest fire and all that carbon is released? It's never addressed. It's certainly not addressed in this bill.

If the government brought forward a comprehensive program recognizing carbon capture in forests and carbon liability when those forests burn—and that will become increasingly common—then it might be worthwhile addressing this. But, as written, I don't think it's supportable, and it will lead to a waste of resources.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: While I can appreciate the comments that we just heard from the member from the third party, I worry a little bit. While he uses the liability issue around forest fires as an example to support this motion, I worry about the broadness of it and how it could impact agriculture, for example, in terms of the practices that they have maintained for decades upon decades, be it cover crops, be it pasture or be it the use of rotational crops. The list could go on and on—wetlands that they're investing in; bush lots. The list could go on and on—even habitats.

Again, they're the best stewards of our land. They live and breathe the stewardship that is so important in producing food, and they stand by it. I just worry that this type of motion could potentially eliminate the good things that are already happening. It's a travesty that this government has rushed this legislation and unfortunately has left the agri-food sector completely out of the first round of compliance. Even though the representatives of the industry lobbied very hard to be taken credibly and seriously, this government chose to ignore them. I just worry about the future ramifications of this motion.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: The government supports most of what the member, Ms. Thompson, was saying, particularly around agriculture. There may be opportunities through regulations, and valuations will determine whether the credits are long-term, demonstrable and sustainable. I think the market systems and the regulations will sort that out. So we'll be voting against this.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: This clearly shows one of the fears we have. The agriculture sector's overall carbon picture is a main player, and it is a contributor to it. They can also be a big player in reducing carbon. You've got two systems here.

I live right along the border. We compete very much on the price of corn and soybeans. We're lucky to have a climate in eastern Ontario that allows us to be a very successful agricultural area. If you move south into New York, there are areas that aren't that great, but as you move into—there are huge markets down there. They dwarf what we can produce up here. Now you're driving up our costs.

The price of our goods is set in the Chicago market, the US market. We're a price-taker, and we're dealing now with an economy that's much bigger than ours.

Typically, the farms can be a lot larger. We've got some great practices, but nothing is there to reward farmers who would spend more money to cut down on carbon use. We have the costs that they're going to see on their fuels. We see the penalties they've done through some of the pesticide restrictions that are not utilized around the world. Everything we deal with agriculture seems to be a penalty to our ability to compete.

Again, it does say something about our farmers that we are able to compete and do quite well. But you can only be disadvantaged so long before it just becomes too expensive. We see issues like where they've been outside the carbon credit system. The main goals for cutting down carbon: Should we not be looking at a sector that contributes—is it 20%, 30% of our carbon footprint? We're looking at the penalty side; we're not looking at some things we could do to help there. The human population needs food. We're one of the biggest contributors to the carbon problem, but we do need food to survive, and that food should be made as efficiently as possible. We see nothing in this bill that's going to do that.

We think that part of it—whether it be forestry and making sure these forests are there. I think, as Mr. Tabuns said, the forest fire side is not there, but you need to set a system up that allows for that. The amount of carbon that you're trying to get down to has to allow for the fact that yes, there's going to be carbon produced for necessary issues, and one of those would be combatting fires. It's an issue. Overall, we have to look at our forest network as being a huge benefit to the system. There are problems with it, as there are with everything else.

The Chair (Mr. Grant Crack): Mr. Tabuns and then Ms. Thompson.

Mr. Peter Tabuns: I just want to note for the record that my amendment does not abrogate the wording in the clause that calls for support for agriculture, soil and forestry approaches that are intended to reduce or remove greenhouse gas and focus solely on the carbon capture section. I think it makes sense to support agriculture and forestry in the fight against climate change, but there are parts of this bill that will lead us down a path that is a dead end. That's why I've moved this amendment.

Ms. Lisa M. Thompson: I just want to say that I appreciate the comments from our member from the third party because as we look at strategies to go forward and sustain and help grow the economic drivers in northern Ontario, we need to be mindful of everything we can do to promote our forestry industry, as well as our agriculture. In particular, the Ontario beef farmers are working very diligently on a strategy to expand beef production in northern Ontario. Again, the whole element that's involved in beef farming is primarily a perfect sequestration—we'll make that into a word—of carbon because when you're growing beef cattle it's all about the cover crops, be it hay, be it the wheat crops with regard to the straw that's needed, and, specifically, with cow-calf operations, you need the pasture for sure.

1010

Again, I think this is really important to touch on right now because the Ontario beef industry has lobbied this

government for support of their strategy to expand and develop their economic footprint in northern Ontario, but all the while, going back to April 20, we have a Minister of the Environment who actually is promoting meatless Mondays. We have to question the sincerity of this government in terms of working with all of the sectors in growing forward, so to speak. It's cause for concern that this government has people in leadership positions that may be talking out of both sides, at great cost. It just further erodes confidence that the beef farmers, as well as industry, has in this government. We have to be very careful of our motions, but I appreciate the clarification that the member had shared from the third party.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Grant Crack): There has been a request for a recorded vote on NDP motion number 79. There appears to be no further discussion.

Ayes

Tabuns.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 79 defeated.

We shall move to NDP motion number 80, which is an amendment to schedule 1, subsection 1(1), paragraph 6. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraph 6 of subsection 1(1) of schedule 1 to the bill be struck out.

Chair, I listened to the presentation by Environmental Defence and read their background documentation. It's pretty clear that, with regard to the waste system, we already have legislation that's coming forward. That legislation should reflect the goals of reducing greenhouse gas emissions. The money that's raised with cap-and-trade, as large as it may appear, will actually be quite small, given the scale of the task before us. This is an area that can be addressed by other legislation. The money that's raised by cap-and-trade shouldn't be applied here.

The Chair (Mr. Grant Crack): Further discussion? Ms. Thompson.

Ms. Lisa M. Thompson: Again, it gives us an opportunity to reflect on how we feel the—I'll back up. The member from the third party's comments gives us opportunity to reflect on and further emphasize our position with the PC Party of Ontario with regard to how the money raised by pricing carbon should be used. Of course, we all want to reduce greenhouse gas emissions, but any dollars generated by a carbon pricing plan—really and truly, given the fact of the matter, we all accept the fact that costs are going to go up. Consumers, busi-

nesses and Ontario taxpayers are going to be shouldering the brunt of those increased costs.

I feel that it's very important to recognize that our position would be that any carbon pricing plan should involve an opportunity to be neutralized and revenue-neutral so that ultimately there is a break for the folks who are shouldering the responsibility with regard to the financial aspect of reducing greenhouse gas emissions. I'm sure my colleague can add to that as well.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I think the member from the third party talked about the huge costs. This is money coming out of our economy, and we certainly have a worry about how that's going to be spent. Is it going to be spent on something that adds to productivity and would help make our industries a little more competitive? We don't see that so far.

All we're seeing is the cost of administration. We're talking about a huge amount of money, a huge bureaucracy. Those people have to be paid. The government should be looking after the requirements and the needs and getting out of the taxpayers' way. Allow them to raise money, to pay the taxes that pay not only our salaries but the salaries of a good portion of the public service. They pay for a lot of the benefits that we receive—all of our benefits—and for the disadvantaged. We're just creating a new level of disadvantage in this province. We're looking at adding to that number in a great way. We see—

The Chair (Mr. Grant Crack): My apologies, Mr. McDonell.

It is now 10:15. This meeting is recessed until 2 p.m. this afternoon. We will continue with Mr. McDonell, when we return, on NDP motion number 80.

The committee recessed from 1015 to 1401.

The Chair (Mr. Grant Crack): It is 2:01, so I call this meeting back to order. This is the Standing Committee on General Government. We're here to continue clause-by-clause consideration of Bill 172, An Act respecting greenhouse gas.

Prior to the recess at 10:15 this morning, we were at NDP motion number 80. At that time, Mr. McDonell was in the process of making comments. However, I did have to end the session at that time. I will respectfully return to Mr. McDonell to continue on NDP motion 80.

Mr. Jim McDonell: Just briefly, 80 was the—

Ms. Lisa M. Thompson: Yep, right here. Essentially, they want to decrease greenhouse gas emissions and be specific with regard to where the money was going, and I have that right here.

Mr. Jim McDonell: Okay. So just to get back into where we were, we were talking about our concern with this bill and how it's going to disadvantage many of our industries that we depend on so much for our employment and the revenue that this government receives.

We really are questioning why we aren't going ahead with a North American plan, a continental plan. I think that Ontario could be a leader. We used to be a leader in manufacturing, so we were a force to be dealt with. Un-

fortunately, we've seen that, over the years, the window, so that we were no longer the strong force in manufacturing, but we could be a strong voice in the carbon future. But we can't do that unless we allow ourselves to actually lead a strong group of jurisdictions. We belong to the state governments' group, which we meet with a number of times. I had the privilege of being down there last year, in Nashville, Tennessee. I know that they're very interested in the carbon issue. They talked about some of their challenges. But they also highlighted how half their states are challenging it in court and will not be moving on this initiative.

That should be a warning to us, that we may be dealing with an unfair advantage in at least half of the United States. So are we willing to penalize our companies when we can't get a much bigger polluter onside? I think that if they're going to get onside, it's going to take a strong voice from Canada, and that strong voice can be a strong voice from Ontario.

It would be showing leadership from the government if they were to take this on. I think that the people of Ontario would certainly think that that's an important initiative that should be taken on, and not going off quietly on our own. Obviously, from the method that they're taking, it's all about the money. We can't be all about the money; we have to be about our future as well.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I appreciate my colleague's comments. This particular motion, NDP motion 80 on paragraph 1(1)6, would limit the government's ability to spend revenue collected through the greenhouse gas reduction account on initiatives relating to the reduction of greenhouse gas emissions, particularly, as we understand it, from the waste system.

For those of you who don't know, we've got two particular bills in committee going through the clause-by-clause process at this time, the second one being Bill 151, the Waste-Free Ontario Act. I really wish we could have seen more coordination between Bill 172 and Bill 151. There are many opportunities with regard to managing Ontario waste streams to reduce emissions as well.

For instance, the MP from Bruce-Grey-Owen Sound, Larry Miller, and myself had the opportunity to visit a biodigester about a week ago now, just outside of Walkerton. The facility is owned and operated by Carl Frook and his family.

It's interesting, because he is able to remove from the waste stream by-products from Maple Leaf Foods and Maple Lodge from just outside of Georgetown on Winston Churchill, in between—I guess it's Highway 401 and Highway 7 on Winston Churchill. They're doing a great job, because they combine this source of waste stream and they're recognizing the value in it. He's able to use the—I'm going to be straight up—manure from his beef feedlots and, in an anaerobic digester, take emissions out of the air in terms of the reduction of greenhouse gas emissions and put it to good use to generate electricity.

I thought it was interesting, what he was showing us. It's a fascinating source of energy production, and he too

was even, a couple of weeks ago, for the first time in three years, made to ratchet it back a little bit to make room on the grid for a source of energy that is very heavily subsidized and not needed at this stage of the game. I thought, we're not just spilling water, but biogas, biogas facilities are being asked to ratchet it back as well to make room on the grid for other sources that we currently can't afford and don't need at this stage of the game.

The fact of the matter is, there is a connection, as I said, between totally having a circular economy with regard to waste and the positive impact that could be achieved through the reduction of greenhouse gas emissions. We need to take all of this into consideration, because our party has had many concerns about how this government is spending our taxpayer dollars, particularly through this bill. We referenced our finance critic Vic Fedeli's initiative, Focus on Finance, which is very much sought after. As has been mentioned before, we worry about how many times this government books particular dollars, be it from the sale of Hydro One or be it from revenue generated through their cap-and-trade scheme, recognizing that this particular scheme will generate, as I said, \$1.9 billion for a Liberal slush fund. We have to be very careful about how this burden is utilized—

Ms. Soo Wong: What does this have to do with the bill?

Ms. Lisa M. Thompson: Because it concerns Ontario taxpayers. That's the concern here. That's how it pertains to this particular bill. We need to pay respect to Ontario taxpayers and be very, very careful as to how we go forward.

This particular motion brought forward by the NDP is actually concerned about government expenditures. We all know that the manner in which this Liberal government has gone forward totally lands on the shoulders of taxpayers. Your environmental minister actually said, a week ago, for those of you who maybe weren't here earlier, that this cap-and-trade slush fund concept or scheme is going to be very expensive for Ontarians.

Ms. Ann Hoggarth: He did not say that.

Ms. Lisa M. Thompson: He did so. I attended the Economic Club. I heard it and the reporters captured it as well.

Interjection.

Ms. Lisa M. Thompson: We can just agree to agree that he, as a minister, a senior member of the Liberal cabinet, is on record as saying that this cap-and-trade scheme is going to be very expensive for Ontarians as they move forward, picking winners and losers.

While this particular motion has a lot of merit, we still have to exercise concern and, just to recap, our party in particular has many concerns about how this government is going to be spending the very few dollars left in Ontario taxpayers' pockets, particularly through this bill.

1410

I think I will leave it at that. Just to close, though, I should say that we need a government that's going to be focusing on setting targets and encouraging innovation,

efficiency and conservation. That's an intersection that is realized between Bill 151 as well as Bill 172. Again, to repeat: We need to focus more on innovation, efficiency and conservation. Although this government has lost credibility with taxpayers recently, because just May 1 hydro rates went up again, conservation should be recognized for what it is. Unfortunately, Ontarians are using less, but they still have to pay more. The Liberal concept of energy conservation leaves a bit to be desired in that regard.

Again, we want to see more on innovation, efficiency and conservation, and less on the gouging of taxpayers. Because, like we mentioned a couple of days ago, third-party industry analysis is showing whereby this cap-and-trade initiative is going to make the cost of Ontario fuel and home heating go up at least another \$900 a month. When we hear from members who have folks—like the member from Renfrew–Nipissing–Pembroke. He was talking to people who have to go to the food bank in order to pay their energy bills. It's an absolute shame. He just spoke to a lady who mentioned that on Sunday. This is what Liberal initiatives are leading Ontarians to. They have to choose between heating or eating, and it's a travesty.

I think we'll just leave it at that for now. Perhaps my colleague might have a few more words.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Thompson. Mr. McDonell.

Mr. Jim McDonell: Thank you. I just wanted—a couple of things that my colleague brought up, talking about the biodigesters. I think it speaks to needing an integrated plan when it comes to the reduction of carbon. Just outside of my riding and just outside of the Chair's riding in Marionville—it's a small village of about 200 people or less. It has three ridings. The south side of the street is mine, the east side is the Chair's and the west side is Lisa MacLeod's.

They had a biodigester that they installed at great cost, with many, many hurdles from the Ministry of the Environment. Essentially, it's a manure pit with a cap on it. That's really what it is. The work and the time almost bankrupted them to put it in. In looking at it, I thought, "Isn't this just what the government should be promoting?" We're talking about the reduction of carbon. It's a huge amount of carbon produced in the dairy and beef industry. This captures that, turns it into methane that is then burned in a turbine to produce electricity.

It wasn't the issue of being able to—first of all, they got permission to produce electricity, but it was all the hurdles around the biodigester, which is not rocket science. It's used all over the world. The question really was: Why is it such an issue? This is now energy that can be somewhat scheduled to pick off-peak times of the day, so it's not energy that is totally uncontrolled. It is picking up carbon that is going into the atmosphere. I think the agricultural field—the cattle size is around 15% of the issue, the carbon load. It gets rid of that. Really, it's something that could be promoted. Farmers could actually pipe their manure to centralized digesters and really solve a lot of problems.

It just goes to speak to that we don't have an integrated plan that looks at all of the facets of really what we're trying to get to. It's the same issue in a landfill site in my riding, where they have a licence to produce electricity, but they're flaring off large amounts of methane gas that—they're already set up; it could turn back into the grid. The answer might be, "Well, we don't need the power," but at the same time, we just authorized a 100-megawatt windmill project in the same area.

Again, methane gas that has to be flared off, which doesn't completely—it produces carbon dioxide, but that could be used as part of our energy solution. In the same area, you're creating all these windmills that are really unpredictable as far as time-of-day use. It just goes to show, again, a lack of planning by this government. They've been trying for more than a year to get permission to generate this extra power and add it to the grid, with no success.

Where are they going? I don't know. This is a natural resource that we're thumbing our nose at, but at the same time, spending a huge amount of money looking for an unreliable equivalent. If we're really serious about cutting down carbon, let's look at the low-hanging fruit, because that leaves the low-hanging fruit.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: Earlier this morning during question period, our colleague the honourable member from Haldimand–Norfolk made reference to the fact that the Green Investment Fund is not tied to agriculture one iota during this first round. That was a glaring omission that popped out of the budget immediately for us when we reviewed the budget a couple of months back. Maybe it was because it was rushed itself that agriculture was an oversight, but the fact of the matter is, when you have initiatives like biodigesters—my understanding is, when I reflect on the conversation that I had a couple of weeks ago, biodigesters will not have an opportunity to qualify for the carbon credits. All the while, they're doing a great job of removing emissions from the atmosphere. The realities are that these folks truly believe in what they're doing and they're managing the resources that they literally have.

As I've said before, as well, farmers in Ontario cannot be denied. They want to be the best stewards they can be. For the folks who have taken time and made huge investments in their own right in terms of removing the emissions associated with beef farming, in particular, removing them from the atmosphere and utilizing that product in a positive manner, it should be recognized.

To give you the sense, this one family had to spend \$640,000 of their own money to connect to the grid—\$640,000 when they had this great idea, which is a very solid, consistent production of energy. It took a while for the payback of that investment to happen. People are willing to do their part, but I think the government needs to step up and be willing to do their respective part. We need more assurance that, in that regard, they're not going to be wasting the \$1.9-billion slush fund on pet projects or picking winners and losers. They should be

looking to a Green Investment Fund that actually celebrates and embraces the innovation that is happening outside of what the government thinks they can influence—the circle of influence, if you will.

We need to be very careful with regard to moving forward. I think we've been very fortunate to have been able to exercise some of these concerns on this particular motion.

The Chair (Mr. Grant Crack): Any further discussion on NDP motion number 80? There being none—

Mr. Peter Tabuns: Just a recorded vote.

The Chair (Mr. Grant Crack): The request for a recorded vote is granted.

Since there is no further discussion, I shall call the vote on NDP motion number 80.

Ayes

Tabuns.

Nays

Colle, Hoggarth, McMahon, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 80 defeated.

We shall move to NDP motion number 81, which is an amendment to schedule 1, subsection 1(2), paragraphs 2 and 3. Mr. Tabuns.

1420

Mr. Peter Tabuns: I move that paragraphs 2 and 3 of subsection 1(2) of schedule 1 to the bill be struck out and the following substituted:

"2. Developing and delivering education and training, not including advertising.

"3. Providing information to the public, not including advertising."

Chair, I'm worried about the potential for funds to be diverted into advertising. Given the change in the regulations related to the Auditor General's oversight of government advertising, I'd be worried that the advertising would be far more oriented to lauding the government than with actually dealing with climate change. I suggest that this be incorporated into the bill so that public interest is protected.

The Chair (Mr. Grant Crack): Further discussion? Mr. Potts.

Mr. Arthur Potts: We think it's very important that the public knows about the programs that are available so that the public can get on board and take the steps necessary in order to create the carbon reductions that we want to see. So we'll be voting against this motion.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: You know, it's interesting that this particular motion came to the table today because, just reflecting on what our discussion was earlier in question period where—and it's a proof point to the member from the third party.

During question period, there was a discussion around the proper response and support for families with children with autism. We heard a lot of angst around the type of advertising this government is known to do. This is astute on the part of the member from the third party, in that they want to make sure that the hard-to-come-by Ontario tax dollars do not go towards advertisements that, essentially, pat the government on the back for something that Ontarians, at the end of the day—be it taxpayers or businesses—can't afford in the first place.

Again, this appears to be a sensible motion to restrict the government's ability to spend funds collected through the greenhouse gas reduction account. We quite simply don't trust this government. We're deeply concerned over how they already have designed the expenditure of the \$1.9 billion they'll be collecting through their slush fund.

We need to remind everyone of the Financial Accountability Officer's comments in that regard. Again, just to refresh everyone's memory, we heard from the Financial Accountability Officer that he's becoming increasingly concerned with this government's lack of transparency. We echo that in the loyal opposition. He reported—and you might recall the deputation where he sat in front of us and said very clearly that he would likely be unable to access government documents that detail projects receiving money from the Liberals' cap-and-trade slush fund. That is a huge red flag.

Bill 172 does not require the minister to even develop an evaluation of the initiative and submit it to the Treasury Board. Everywhere you turn, there are significant red flags as to how this government should not be trusted because they're setting it up so that they can—even motions that we debated earlier this morning and yesterday speak to the fact that they do not want any oversight into the manner in which they're spending the \$1.9 billion that they're raking in from Ontario taxpayers and businesses.

Again, the Financial Accountability Officer has warned that the government will subject the reviews only to cabinet confidentiality. So what does that mean? When the reviews are subjected to cabinet confidentiality, the public will not be able to have access. All of this information will be withheld from the public.

Essentially, we stand tall and we're unwavering in our conviction that the people of Ontario deserve accountability from this particular government. I just can't echo enough that we should be listening to our independent officers of the Legislature here in this province. Anyone listening or tuning in via TV or reading the Hansard later today should be concerned as well when they hear that the Financial Accountability Officer is becoming increasingly concerned with this government's absolute, complete lack of transparency.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I definitely see the concern of the NDP motion here. We've been talking about the money being spent on advertising versus going back to helping people. Like in the case of autism, they've simply

knocked everybody off the list who had five years or more—over five years. If you consider that case there, the average age of being identified is four. Parents are now forced to put a lot of time and effort into trying to get the test done. It's expensive. Now, after all that money is spent, it's gone.

At the same time, we see all kinds of advertisements. You see the Stanley Cup playoffs coming up here—and I know the Chair is not in first place in his pool, but he's working on it. It's a very high-profile time of the year to get advertising, and of course this government has no trouble outcompeting other people who are looking for advertising. Is it really in the best interests of the public, or is it just a blowing of one's horn?

We've had information from the Financial Accountability Officer who, at this time last year, when the budget went through, along with the Auditor General criticized the government for removing their ability to comment on whether the advertising was partisan or not. One would wonder why you would remove that function of their job. You'd obviously do it if you were planning on getting involved with partisan advertising.

That's why we can't trust this government. We see, at every step they take, those are the things they're doing. Just looking at the average family here, we're looking at dumping on a cost of \$900. It would have been interesting if that had been in the last election's platform. We had a strong commitment, promised by the Premier, that they would not bring this on. It's no wonder that I hear in my riding, "It's promise made, promise broken." It's just another one.

This whole issue of advertising is very murky. It's extremely costly. In my riding, we had a lady involved with a rare disease being turned down for help. Going to the States is going to cost \$200,000 and there's no money for it. Just saving one of those advertisements would probably cover her treatment and, unfortunately, it's a life-and-death situation.

We see real people going without help. Jim Wilson, who's a former health minister, said it just shows the seriousness of their money issues because he said, "We can always find some money around to help people." We're not seeing that.

Ms. Eleanor McMahon: Mr. Chair?

Mr. Jim McDonell: We're talking about advertising here, the waste of it and why we would—

Interjections.

The Chair (Mr. Grant Crack): Order, please. Mr. McDonell, continue.

Interjections.

Mr. Jim McDonell: I think we're talking about an amendment here that has some concern over what we've seen in the spending of advertising funds. These are public funds. This government has given many, many opportunities for us to have some concern over the money that's wasted. As my colleague said just today, we're looking in areas where advertising is taking preference over actually helping people.

We think that's sad, and we certainly have some concerns. If you're going to give them \$1.9 billion—we're worried about where they're handing these credits out, who's getting money, and also the advertising, because it is a huge amount of money. If you think of where their spending has gone and how they're still short of money, you've got to wonder where this money is going because it's not achieving the results. It didn't build the infrastructure. They talk about a huge issue with infrastructure and it's there. Obviously, money was spent elsewhere.

It is a concern. We have some deep concerns over having no control over advertising.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: I want to share with everyone and get it on record that I very much appreciate the comments that my colleague from Stormont-Dundas-South Glengarry shared, because he talked about partisan advertising. This is something that we need to be very cognizant of because, as we've worked our way through the whole series of motions and amendments for this particular bill, time and again, the government has voted down every effort of the third party and ourselves to narrow and restrict the type of spending that could be realized through this cap-and-trade spend.

1430

In particular, you'll all recall we exercised our concern around indirect costs. But again, every effort we made to try and make this government accountable, to try to incent transparency so people could clearly see where their taxpayer dollars are going, the government voted against it. They chose, instead, to pursue legislation and amendments that maintain a very broad-based approach that is not restrictive in any manner, with regard to how they're going to use this slush fund generated on the backs of Ontarians.

I give kudos to our third party, the NDP, because, again, just to revisit their particular motion, they wanted to have subsection 1(2) of schedule 1 to the bill be struck out and substituted with the following: "(2) Developing and delivering education and training, not including advertising."

Absolutely. Education and training is paramount when we want to talk about how to reduce greenhouse gas emissions. We need to increase awareness of how everybody can contribute to that common cause that we all agree is important, and that's the reduction of GHGs or managing climate change. It's a very serious issue that needs thoughtful approaches.

Then, their second point was: "Providing information to the public, not including advertising." I really applaud them for this. I just have to think back to the by-election in Whitby-Oshawa. Chair, I was appalled. I think it's safe to say their effort, in terms of specific advertising that they did in that riding, backfired. This government had the audacity to have their own Premier—their own Premier took to the airwaves and implied that we would take them back to the use of coal. Everybody saw through that spin. Everybody lost respect for the Premier and the Liberal government of the day for trying to spin and play scare tactics like that.

Where are those dollars coming from for that type of advertising? I can tell you in no uncertain terms, based on the plurality and the overwhelming success that our colleague Lorne Coe from Whitby–Oshawa realized, the general population in Whitby–Oshawa—and I would dare say, throughout Ontario—would say, “You know what? We’ve had enough of this Liberal spin. We’re tired of them wasting our dollars, like this type of petty, useless advertising.”

The fact of the matter is—truth be known—it was Elizabeth Witmer, as Minister of the Environment, who moved forward with the closure of the first coal plant, and Jim Wilson, when he was Minister of Energy, signed the order for that to happen. So it was absolutely ludicrous. Maybe the Liberal government and the Premier forgot—

Mr. Jim McDonell: It was promised in four years, and it turned out to be 14.

Ms. Lisa M. Thompson: Yes, interesting. That’s a good point my colleague just said. They promised they were going to continue to close down coal, and it took them 14 years to actually get to it.

But with regard to the first initiative, Elizabeth Witmer—

Interjection.

Ms. Lisa M. Thompson: Now, now, who’s off topic?

The Chair (Mr. Grant Crack): Order.

Ms. Lisa M. Thompson: Thank you very much, Chair.

Partisan advertising was absolutely ludicrous. The partisan advertising that happened in Whitby–Oshawa, that actually was an absolute lie about the manner in which this Liberal government and Premier tried to convince people in Whitby–Oshawa that we were going to return to coal—

The Chair (Mr. Grant Crack): Ms. Thompson, I’m going to ask you to withdraw on “an absolute”—the comment you made.

Ms. Lisa M. Thompson: Okay. I withdraw.

The Chair (Mr. Grant Crack): Thank you.

Ms. Lisa M. Thompson: But it’s the end result that speaks volumes, and that is that the advertising this government has utilized has to be held to account. That brings us back to our comments that the Financial Accountability Officer is very concerned and becoming increasingly concerned with this government’s lack of transparency.

They think they can use Ontario tax dollars however they choose. I think that this motion that adds the phrase “not including advertising” to how this government may spend the funds collected through cap-and-trade is very astute. I think we’ve hit a nerve here a little bit when we actually cite true examples of the poor decisions and the absolutely inexcusable advertising this Liberal government has pursued to try and sway. At the end of the day, their spin resulted in an absolute, dismal failure in the Whitby–Oshawa by-election.

Their spin is going to continue to be their Achilles heel because people see through it now. They’re abso-

lutely tired of it and I would dare say there will continue to be resounding defeats as we move through future by-elections.

The Chair (Mr. Grant Crack): Further discussion?

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Grant Crack): I see there is no further discussion on NDP motion number 81. There is a request for a recorded vote, which I shall entertain.

Ayes

McDonell, Tabuns, Thompson.

Nays

Colle, Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 81 defeated.

We shall move to NDP motion number 82, which is an amendment to schedule 1, subsection 1(2), paragraphs 4 and 5. Mr. Tabuns.

Mr. Peter Tabuns: I move that paragraphs 4 and 5 of subsection 1(2) of schedule 1 to the bill be struck out.

Chair, the amendment or the motion is made in order to protect the allocation of the funds to those activities which will have direct impact on reduction of greenhouse gas emissions. I worry that paragraphs 4 and 5 in this section might leave the door open to a wide variety of pet projects that may not actually move things forward.

The Chair (Mr. Grant Crack): Further discussion? Mr. McDonell.

Mr. Jim McDonell: I guess we have the same concerns about the pet projects. We see a strong correlation between fundraising attempts and awards of grants being handed out by this government. We hear it all the time. As people start to dig into it, it just comes out over and over again. That’s why we’ve called a public inquiry to look at possible corruption in this government. People in my riding wouldn’t say it’s possible but, to give them some credit, I think that we need to clear the air and just see what is there.

We also need to make sure that we are funding or encouraging the strongest in the way of innovation in anything this province does. Certainly, carbon offsets and carbon reduction are important items that we have committed to tackling in our party as well. We certainly have a different way. We think that it would be more advantageous for the objective and also for the economy as a whole.

Right now, we have businesses doing the heavy lifting and the government is sitting back and skimming off the profits. That’s going to get dangerous if those profits are getting slim. As we say, companies are leaving because they just can’t compete. But we talk about the need for an integrated plan. We hear in this government—we have one minister who talks about the closing down of nuclear plants within 10 years, and we talk about another one who is spending \$12 billion to retrofit them.

Ms. Lisa M. Thompson: But then we have an environment minister who says they are going to be stranded assets in 10 to 20 years.

Mr. Jim McDonell: Yes, so if we really think we're going to be shutting them down, why are we spending \$12 billion on retrofitting them? I don't believe we'll be shutting them down but if that's really their belief, and where the environment and climate change minister wants to go, then we have to get the two sides to save the \$12 billion. If that's really what you're planning on doing, it's not responsible. This is scarce capital that we have.

1440

We look at things like—today happens to be the first anniversary of the passing of Ryan's Law, very much a health issue that received all-party support, but we haven't seen the government fully implement and fund the program. We have money for advertising and we have money for initiatives that, really, have nowhere to go, but we don't have money to help people. We need an integrated plan.

We go back to 2011, when I was elected—the people who design these systems, the association of professional engineers, were very clear; they wrote an article that the Green Energy Act was doomed to raising prices. Actually, on the technical side, they said that their system was designed for it. It would be costly and it would fail. We're seeing now the results of that. We have hydro prices that have skyrocketed. They've more than doubled. Is there nobody on the other side who listens to the advice that comes from the OEB or the different associations?

I know, sitting in on the last bill we were on, their concern was that the minister—of course, they were criticized for not utilizing the evidence they're getting. All this bill does is remove the fact that the Ontario Energy Board would actually provide any information, and that they “may” consider instead of “shall” consider. It's things like that where you really wonder. These are agencies that are created by the government to provide information, so why aren't we using this? If you're not going to use it, then save the salaries and get rid of it. I guess, as far as they're concerned, the message to the government—that they're looking for a solid plan.

We're very worried about this. They're removing oversight and creating another bill. There's some low-hanging fruit they're ignoring. They're ignoring the agriculture side. They're jumping in ahead of time, really, before we can work with our neighbours to get a good, solid, bulletproof plan that will actually work. It's got us worried, and it's got businesses and families in my riding nervous.

The Chair (Mr. Grant Crack): Further discussion?

Ms. Lisa M. Thompson: Again, with regard to this particular motion, I just want to revisit the fact that this motion would strike out a clause allowing the government to fund (a) activities related to innovation, and (b) other actions.

While we appreciate the NDP's attempts to increase transparency around this bill, we really feel strongly, be it

with regard to waste management, be it with regard to the reduction of greenhouse gases, that we need to be stepping aside and allowing businesses and corporations and the thought leaders to drive innovation efficiencies and, ultimately, conservation.

We feel the government should be helping fund activities for innovation, because, as was alluded to just moments ago, businesses are already doing the heavy lifting of the reduction in emissions through cutting-edge technologies, and we should be working with them, not against them—they being the private sector—to address climate change.

I can't help but think of stakeholders that I've met with in my role as critic for environment and cap-and-trade specifically. I hear time and again very exact examples of how businesses have been reducing their emissions over the last 10, 15 years.

In fact, it's interesting—I want to note one company in particular from Sarnia-Lambton, which is very well represented by our colleague MPP Bob Bailey. There's a company called Nova Chemicals. They're looking to grow, they're looking to expand, but they are concerned that this government is sending all the wrong signals, be it through the skyrocketing cost of electricity, through the ORPP, or through cap-and-trade. They're one company that has led by example, and they feel they're getting whacked every time they turn around by this Liberal government. So when it comes to their expansion, they could very well be looking south of the border, which would be a shame.

The irony in all of this, the absolute irony in this, is that in a few short days, when the minister is awarding his awards of excellence for innovation with regard to the environment, Nova Chemicals is going to be recognized for their leading-edge initiatives to reduce emissions. All the while, they're very concerned about the cost that cap-and-trade is going to lay down on their shoulders. They said this government needs to wake up and start sending the right signals that the Liberal government in Ontario wants to be open for business, as opposed to driving business south of the border.

Another thing that was said by my colleague made me think of another reason why this government can't be trusted and we should have been supporting many of the bills that both our party, the PC Party of Ontario, as well as the NDP brought forward to build in accountability and transparency, because this government just can't be trusted. In question period alone today, there were two key examples why we, as loyal opposition and the NDP together, have to hold this government to account. Because the Minister of the Environment, last week, during his presentation to the Economic Club, specifically said that he sees nuclear generation stations becoming stranded assets within 10 to 20 years.

Well, Chair, I just couldn't believe that he actually would say something that absolutely irresponsible. We, the PC Party of Ontario, recognize that the nuclear generation that happens in Ontario is our baseload. Nuclear generation has helped stall and maintain a little bit of

integrity in the pricing of electricity. We cannot allow one-offs. This minister should be accountable to the cabinet. If I was the Minister of Energy, I would have been livid at my fellow minister for suggesting that a type of energy production that represents between 50% and 60% of our overall production in Ontario at any given time of the year would become a stranded asset within the next 10 to 20 years when the deals have just been inked to refurbish—absolutely irresponsible.

Another example—just in question period alone today—of the Minister of Environment going completely off-track and against a fellow minister was his suggestion that to reduce emissions, we should go without eating red meat. Well, for goodness' sake, Chair, we spoke just moments ago about the innovation that actually is being driven by private interests with regards to biodigesters. This particular minister has the audacity and the gall to stand in front of people suggesting, "Let's not eat red meat." It just doesn't make any sense whatsoever.

And, again, there's another minister—the Minister of Agriculture, Food and Rural Affairs. I'd be taking that particular minister out behind the woodshed, because there needs to be some tuning up—

Mr. Mike Colle: Listen, that's out of order, Mr. Chairman. What's this got to do—

Ms. Lisa M. Thompson: Because we're talking about trust.

Interjections.

The Chair (Mr. Grant Crack): Order, please.

Mr. Mike Colle: She thinks it's funny.

Ms. Lisa M. Thompson: No, it was the reaction.

The Chair (Mr. Grant Crack): Order, please. Ms. Thompson—

Ms. Lisa M. Thompson: It was his reaction I smiled at.

Mr. Mike Colle: Mr. Chair, on a point of order.

The Chair (Mr. Grant Crack): Point of order, Mr. Colle.

Mr. Mike Colle: It is really unparliamentary to threaten physical harm to another member of our Legislature. I'm not going to sit here and allow that threat to take place. It's got nothing to do with climate change, yet she's threatening a minister with physical harm and that is unparliamentary, totally unparliamentary, and it shouldn't be tolerated.

The Chair (Mr. Grant Crack): Thank you for your point of order, Mr. Colle.

Ms. Thompson, I would, number one, tend to agree with Mr. Colle that the use of language in this committee should be a little more parliamentary. I'm going to ask you to withdraw that, even though it's probably going to set a precedent. I feel that it was on the line, but just a little over, so if you'd be so kind to do that.

Ms. Lisa M. Thompson: I withdraw, but—

The Chair (Mr. Grant Crack): Thank you. Continue.

Ms. Lisa M. Thompson: I will continue. Thank you.

Just to clarify, it is absolutely appalling that we have ministers of the cabinet—one minister in particular

suggesting policy that absolutely is in contravention of what other ministers are trying to achieve.

1450

My reason for being very strongly worded in this regard is that the Minister of Agriculture, Food and Rural Affairs has been working with the Beef Farmers of Ontario to expand and grow their industry, particularly in northern Ontario. What does that represent? That represents an opportunity to sequester more carbon by the manner in which the beef industry can provide pasture and provide cover crops. There is a large opportunity to have positive impacts on the environment.

It all comes back together, and the lines and the dots are all connected, with our comments. The irresponsible comments that are being shared by one minister that reflect badly on two other ministries really should be addressed because everything he has commented on in less than a full week has negative impacts on the trustworthiness and his ability to clearly manage such a significant and—actually, the largest taxation scheme that Ontario has ever faced. That person who said that was Mr. Greg Sorbara himself, a former finance minister.

We have to be concerned with regard to the trustworthiness of this government and how one minister is butting heads with others. That is why we need to really take a look at how we need to talk about the government's ability to spend revenue collected through the greenhouse gas reduction account.

I can't stress enough: We need to focus on innovation, efficiency and conservation. Part of that innovation is indeed growing the beef industry in northern Ontario so that they could sequester. That type of innovation also represents the manner in which we could utilize particular by-products of the beef industry and create energy. It's a perfect intersection right there with regard to biodigesters. The fact of the matter is, this all comes down to properly managing the scarce resource known as the Ontario tax dollar.

Again, the loyal opposition stands very tall and firmly against any way this particular government is going to try to thrust their slush fund and the funding of it on Ontario taxpayer shoulders.

The Chair (Mr. Grant Crack): Mr. McDonell.

Mr. Jim McDonell: I just wanted to add a couple of things. We see the concern about the spending. It was interesting to note that at last year's Paris summit we had more people attending that conference than the US, the UK and Australia combined. This is just a case of catching the government's hand in the candy jar. You look at the discrepancy in the resources we sent. The number of people we sent over to this conference—was it really just a thank you or was it really people over there? It'll be interesting to see just how much of it they attended.

It goes to speak to having some control, because these costs come back to the public. We're looking now at GM and Chrysler both talking about moving car plants out into our neighbouring states. Those are big losses. Those are good-paying jobs, and we're talking by the thousands. They were very clear that the reason they're

moving down is the cost of doing business up here. It's not the cost of labour; it's the cost of doing business. You would think that with our dollar the way it is, down as low as 70 cents at one time in the last couple of months—but they're still thinking of moving. They stopped the Camaro in Oshawa. We see Toyota also jockeying around and discontinuing their highest-production cars. Their Corolla certainly is a huge success on this continent, and they're moving down to Mexico. They're taking one of their lower production cars to this area because of the cost of producing them. I think it's time that we wake up and see that.

One constituent in my riding came in with a hydro bill that talked about the increases. His hydro bill had gone up 50% over the last few years, which is an unusually high increase. Last March he received an additional bill for \$300,000 and was given, I believe, 15 months to pay. He started the 15-month plan with no explanation what the changes were. Last September, he got an additional bill for another \$400,000; again, he was not able to get any answer on why the increases. He finally got an account manager to look at it, and they came back in February with an extra \$27,000. It was almost \$730,000 on top of the 50% increase.

Those are the types of increases we're talking about, and that's not counting the last two increases we've seen here. Those are just differences in reading the smart meter. How you can read a smart meter four times and get different answers like that, and no explanation from the company—if that was a private industry, they would be out of business. I gave an example of a company that I knew of that had converted to a new accounting system. For six months, they were unable to issue a bill. Their answer was that they wrote the bills off for six months. That's the type of thing that private industry does. What Hydro One does is up the ante. It was only since the story broke the year before by the Ombudsman—they would have refused to discuss it. They would have been charging interest—and, of course, the threat of cutting the customer off. He's still negotiating the cost of that. How do you explain increases of that value?

Anyway, it's difficult to explain to somebody that that's just what we've done to our hydro system. Where there is low-hanging fruit that has a chance to really get some impacts here, we aren't grabbing them. We're going for the more expensive option, the one with lots of administration, a plan that's going to generate a lot of costs. Unfortunately, as I said, when you've got a limited amount of revenue possibilities here and you're choking them off and forcing them out of business, that amount of revenue potential actually goes down; it doesn't go up.

We've seen a lot of the communist countries trying to prove that you can generate the income yourself, but it just doesn't work. You have to be able to sell your product. You have to have quality. You have to be reasonable about the costs that go along with that, that allow you to be competitive. We're very much concerned about what's happening here. People in our riding have been burned over and over again by the cost of electricity and

the cost of everyday life. The carbon tax is driving up the cost of living in our province by \$900 without—if you're not part of the public service you're not getting raises, and that's a problem. You're doing more with less, and they've been announcing that for year after year. They're at wits' end.

Anyway, we are very concerned about what's going on here. We want the government to start looking at driving innovation in this province. Driving innovation will help our productivity and it will help our businesses actually be able to compete. We would like to see a simpler system that actually encourages people to use less carbon by taxing the carbon and returning that money back so that they can actually live a normal and somewhat productive life.

The Chair (Mr. Grant Crack): Further discussion on NDP motion number 82? There being none, I shall call for the vote on NDP motion number 82. I believe there is a request for a recorded vote.

Mr. Peter Tabuns: Sure.

Interjections.

The Chair (Mr. Grant Crack): Well, just for clarification, I was looking at Mr. Tabuns and he was going like this, so I figured he was asking for a recorded vote.

Mr. Peter Tabuns: That's fine. Keep going, Chair. Don't go back.

The Chair (Mr. Grant Crack): I shall call the vote.

Ayes

Tabuns.

Nays

Hoggarth, McMahon, Potts, Wong.

The Chair (Mr. Grant Crack): I declare NDP motion number 82 defeated.

There are no amendments to schedule 1. Therefore, I will ask: Is there any discussion on schedule 1? Mr. McDonell.

1500

Mr. Jim McDonell: Yes. As I said, we're very concerned about this whole bill. I know that, by voting against it, it doesn't do anything, but we'd rather see this whole bill deleted and started over with a plan that really goes back to the people. I think that we have a scheme here. We see, over and over again, different ministries that are conflicting in what direction they think the government should take.

They haven't gone back to the people to ask for the agreement to move ahead on a cap-and-trade scheme. I think that we see that it's prone to failure. It has failed in every other location where it has been tried. Really, it has failed because it's too complicated to put in place and not get the type of fraud that we saw in Europe.

Europe was a good example of industrialized economies that came together, really, for all the right reasons and tried something. But we saw billions of dollars

wasted as it went back to profiteering. We had £700 million—over a \$1 billion—and that's just one case.

I think it's very hard to put a system in place that really gets the assets right. We're talking about giving free assets and credits away and not having any tie to them, allowing people to fritter them away and resell them. Really, if you look at a business case where you need the credits to survive, I can't see a reason why you would then want to turn around and sell them off at a profit. They are given away for investment and that should encourage investment to lower carbon.

The whole plan is really about driving down the use by the everyday person, but that doesn't mean that you can do that by taxing carbon, but giving credits somewhere else in the form of income tax reduction and lowering the costs. We're sitting here with energy costs and electricity so high in this province. Something has got to be done to keep that under control.

Interruption.

Mr. Jim McDonell: We've got our member up giving a statement in the House, so everybody has dual purpose today.

But the former Liberal finance minister talks about—

Ms. Eleanor McMahon: Greg Sorbara.

Mr. Jim McDonell: Greg Sorbara sees this as a tax grab. He was very clear. Maybe he's familiar with the antics of many of these ministers. He sees it as nothing more than a tax grab. He's suggesting, through his comments, that this government should go back and put something in place that will not hurt our economy, because that's what this is going to do. It's going to hurt our economy. It's going to end up costing Ontarians a lot of jobs.

The agricultural industry, where I come from: We're not helping them. They can be a big partner in this. They've asked to be part of it and they've met with the government. They had discussions. I had a chance to meet with the OFA president right after the budget was delivered. He was very upset that they were not included in the possibility of getting offsets.

When you look at an industry that's over 20% of the issue, why are they not included in the plan for offsets through encouraging farmers? There's a cost to this. There's a cost of going in with equipment. There's a lot of GPS equipment that's required to make some of these offsets available to them. It's very expensive. I know that, twice in the last couple of years—my brother's combine is worth over a half a million dollars. You're looking at GPS planters. You're talking in the neighbourhood of more than \$100,000. If you're going to go out and make those investments, you've got to have some incentive.

It's nice to think, "I'm going to go out and help the province meet their goals on carbon reduction," but then they've got to be also part of that. You can't reward some industry and not others. Agriculture is one of your main industries where you can actually have some impact, and they've ignored that, saying that they'll look at it later on. But you've really got to wonder, have you got an inte-

grated plan that's going to work here, or is your plan solely about capturing money for general revenue, and you don't really care where it comes from?

Hydro One—we're forgoing \$750 million a year to gain as little as \$2 billion, as quoted by the Financial Accountability Officer. That's a problem. Unfortunately, if we get very far down the road here, this is a problem we can't—it can be reversed but it's a waste of resources. Those resources are scarce.

There are areas within the taxing system we talked about. I think there's probably all-party support on that. We'd be much more willing to move ahead on that, but again, we can't be doing it without our neighbours, our competitors to the south.

Nobody else in the world is moving ahead on a plan like this at this speed. We've asked for a justification of why this is going on; we just don't see it. The only explanation we see is the \$1.9 billion in the budget. They say they need this for infrastructure. I sat through the budget. Nowhere in that infrastructure plan—which is identical to what the infrastructure plan is today—did we have anything to do with selling off Hydro One, selling off assets from the LCBO, and certainly there was no talk anywhere about where we would be utilizing a cap-and-trade system. It's \$1.9 billion on a line item that is easily forgotten. It's unfortunate. I think it's something that would be interesting to put back to the people and just see where they would go with it.

We're talking about loss of jobs. I met with a couple of my health institutions last week, both talking about cuts in funding—two hospitals and a long-term-care home. They say that's despite being promised a 1% increase. They said that when dollars come down, there are substantial reductions. They give money on the one side and they remove from the other. It's getting to be a common trend. Unfortunately, the final budgets won't come out until December of this year. It's hard to plan a year's spending program when you find out, with three months left in the fiscal year, just what your actual budget is going to be. All they can do is cut back, estimating that they will be cut, and of course they are every year.

If you freeze a multi-billion-dollar or, say, a billion-dollar budget and you allow hydro increases to go up by 100%, and they've got labour costs going up, the only thing you do is cut service, and that's what we've seen.

Anyway, we're concerned about this and we'll be watching the effects of this bill on the public and holding this government to account.

The Chair (Mr. Grant Crack): Further discussion on schedule 1? There being none, I shall call for the vote on schedule 1. Shall schedule 1 carry? I declare schedule 1 carried.

We shall move to the preamble. There are no amendments to the preamble. Any discussion on the preamble? There being none, I shall call for the vote. Shall the preamble carry? I declare the preamble carried.

We shall move to the title of the bill. There are no amendments. Any discussion on the title of the bill? I shall call for the vote—Mr. McDonell.

Mr. Jim McDonell: I'm concerned. I see this is An Act respecting greenhouse gas. I think there is a lot more to this bill than just the greenhouse—we talk about the cap-and-trade. I don't see that in there anywhere. I think it's misleading to the public. We see discussion in it—it's really about reducing carbon, carbon credits. Really, it doesn't do it a lot of justice. Maybe it could be called the "making life a lot more unaffordable in Ontario act," as it raises the price of the average family's bill by \$900 a year.

1510

There's a lot to this. It's a very simple title. I think it's misrepresentative of just what's in this bill and the impact it'll have in Ontario. We've seen bills such as this—the Green Energy Act, not so many years ago, slipped through with the might of this Liberal government and the help of the NDP, in that case. Look at the impact. This one has the ability to make the Green Energy Act look like a benefit because this is going to impact everybody. It's going to only go up. We see the first cost at \$1.9 billion, with a year and a few months' impact on the budget of this year and next year. That has gone up since the last budget. I think when it first came out, they were looking at \$1.6 billion. Every time we look at the numbers here, all they do is increase what they're taking out of the economy and what they're taking out of people's pockets.

We have a lot of concerns about this, and we'd like to see this bill reshaped and turned back into just a price on carbon. The cap-and-trade system is dangerous. It hasn't worked around the world. The regulations that aren't included here—there are a lot to come out, and there's a lot we don't know about this bill. We certainly have no shortage of concerns over this.

The Chair (Mr. Grant Crack): Any further discussion on the title of the bill? There being none, I shall call for the vote. Shall the title of the bill carry? I declare the title of the bill carried.

Bill 172, as amended: Is there any discussion on Bill 172, as amended?

Mr. McDonell.

Mr. Jim McDonell: Just to make sure our critic is back, could we ask for a 20-minute recess?

The Chair (Mr. Grant Crack): A 20-minute recess is in order. I haven't asked for the vote at this particular time.

Mr. Jim McDonell: We could make it five, if you want. She'll be back soon.

The Chair (Mr. Grant Crack): Is it the consensus of the committee to have a five-minute break?

Mr. Jim McDonell: Just give her a chance to get back. I know she wants to—

The Chair (Mr. Grant Crack): We shall take a five-minute break—

Interjections.

The Chair (Mr. Grant Crack): Is it still the committee's wish to take a five-minute break? Okay, there is a no.

Interjections.

The Chair (Mr. Grant Crack): Okay, there is still a request for a five-minute break. Is it the—

Mr. Arthur Potts: No. I heard a no.

Interjections.

The Chair (Mr. Grant Crack): Since we don't have consensus for a five-minute break, members of the official—

Interjections.

The Chair (Mr. Grant Crack): I hope everybody just takes a deep breath here. Now I'm speaking, so I'd really appreciate that I don't get interrupted as Chair when I speak. There has been a request for a five-minute break, on which I heard a no. We can continue to debate; however, members of the committee are entitled to up to a 20-minute break once I call for the vote. I just wanted to put that on the record.

Is there any further discussion on Bill 172, as amended? Ms. Thompson.

Ms. Lisa M. Thompson: Thank you very much. Let's keep at this, because we feel very strongly that Bill 172 has been rushed. This entire time we've spent in committee, we have witnessed the government correcting much of its legislation on the fly because the realities are, they rushed this bill. When we listened to deputations and we listened to stakeholders in our meetings, time and again we heard concerns and questions raised: Why is this government rushing it? This is going to be, fundamentally, one of the biggest tax burdens.

If you'll recall, almost a year ago now—and the member from the third party might have been there as well, when this cap-and-trade scheme was announced officially, recognizing the little sidebar there. Even though they had winter consultations in 2015 to see how people in Ontario wanted to combat climate change, and overwhelmingly, I heard time and again that people were preferring the concept of a carbon tax, the Minister of the Environment, when in Peru in the late fall of 2014, was caught on camera saying, "We're going ahead with the cap-and-trade scheme." They talk about the waste of taxpayer dollars? The consultation that Ontarians actually were committed to and thought they were contributing to was nothing but a sham because it happened after the minister was already in South America saying that they're going forward with the cap-and-trade scheme.

There are so many reasons why we need to be skeptical of this government and so many reasons why we can't trust them. We tried to demonstrate, through our thoughtful motions, an opportunity to work with this government to fix a lot of things that had gone off the rails in regard to accountability and transparency. Again, I applaud the member from the third parties motion, the NDP's motion with regard to excluding the cost of advertising from expenditures that this government will pursue. We know how that worked out for them and how they employed those types of partisan tactics in the Whitby–Oshawa by-election. It actually fell flat on them, so hopefully they learned from that mistake with the dismal loss that they experienced.

With regard specifically to Bill 172, we heard during the winter of 2015 from Ontarians—and we agree with

them—that climate change is a serious issue that has to be addressed. It's very interesting. The loyal opposition: We're of the opinion that we need to have a revenue-neutral pricing plan, inasmuch as we're going to be fair to Ontario taxpayers and businesses alike. If they're going to shoulder the cost of all of these free allowances that we saw this government tweak their legislation to facilitate without any oversight, without any accountability, at least we should have an opportunity to stand up and protect those hard-earned tax dollars.

Again, we need to revisit the fact that the Financial Accountability Officer, during his own deputation on Bill 172, said that he is becoming increasingly alarmed at the lack of transparency that this government is throwing at us—the collective us, as Ontario taxpayers—as well as hiding behind cloaks of secrecy with regard to this particular bill because, under the realms of cabinet confidentiality, no one will be in a position to offer oversight and accountability as to how they manage it.

Another motion came forward earlier today with regard to outing this government on the multiple times that they used dollars—our own finance critic, Vic Fedeli, pointed out that the revenue generated from the sale of Hydro One is being used in a couple of different places: It's to pay down the debt, but it's going to go towards infrastructure. Well, you can't have it both ways. It's either one or the other. He's very astute, and I encourage anyone to pick up his Focus on Finance to drill down on that further.

Lastly—and I apologize; I was making a statement in support of Bruce Power's Break the Silence. A little commercial right now, a sidebar: For everyone who retweets #BreakTheSilence, Bruce Power, a wonderful corporate citizen that leads by example, will donate \$1, up to a limit of \$80,000, to support mental health initiatives in Bruce, Grey and Huron counties. So, again, don't be afraid to support a really good corporate citizen, Bruce Power, and use #BreakTheSilence.

With that, I'd like to go back and recognize that if people really want to understand and get to the heart of the matter, I would suggest that they revisit Greg Sorbara's comments.

1520

Greg Sorbara is the former finance minister for this Liberal government. In fact, I'm sure some members opposite even sat in the same caucus with him. Some of them are newer, so they wouldn't have had that opportunity, but Greg himself alluded to the fact and called it what it was: It's nothing but a “flow-through tax.” That reminds me of my point I was going to make earlier.

Just about a year ago now, the Premier, in introducing this cap-and-trade scheme, really tritely challenged the media with a toss of her hand and said, “Go ahead, call it a tax.” Well, Greg Sorbara has gone forward and drilled down on it a bit more and he's referred to Bill 172 and this particular Liberal cap-and-trade slush fund as nothing more than a flow-through tax that is going to increase the cost of everything in Ontario. He is saying that never before has Ontario faced an increase like the

cap-and-trade scheme is going to be introducing. So we should be very worried.

This government, time and again, voted down not only our motions but the motions from the NDP that were very thoughtful. If they had wanted to show any inkling of wanting to work to improve this legislation, as opposed to setting up a cloak of secrecy that will shroud people from seeing what they're really planning to do with this money, which we feel is going to go into the black hole of the Liberal coffers, probably to reward people who have hosted huge fundraisers for them—we are really concerned.

Again, the fact of the matter is, they voted down every one of our attempts to make this particular legislation more credible and accountable. It's a sad day for Ontario. The manner in which this Liberal government has rushed poorly drafted legislation in turn resulted in seeing this Liberal government fix this legislation on the fly with over 70 amendments, which is almost unheard of; it's unprecedented. They realized that they had made such a mess, they had to fix it up in committee. And now they've turned around and voted down every one of our thoughtful amendments. This is not a good sign for democracy in Ontario.

All I can say is, they're setting up an opportunity to choose winners and losers. The winners will be the Liberal friends. The losers will be the Ontario taxpayers. Sadly, I have to say to them, hold on to your wallets. It's going to be a very scary ride over the next couple of years.

The Chair (Mr. Grant Crack): Further discussion on Bill 172, as amended? Mr. McDonell.

Mr. Jim McDonell: I think if we go back over the time we've sat on this bill, we had delegations who were cut off; we had people who wanted to come and see this committee who could not. We ended up with about a third of the people who had applied who did not get a chance to speak.

We had an unprecedented case where the Financial Accountability Officer came before the committee to talk about his concerns and how he saw that there were parts of this bill that would be outside of his control, even though that was the intent of his position. We saw different amendments that would give him more power and they were all voted down by the government majority.

They talk about accountability, but of course, when you bring them to the wall where we allow somebody who would actually be able to enforce that, they ensured that that didn't happen. I see an article in the National Post today: “For a Great Return on Your Investment, Donate to the Ontario Liberal Party.” They talk about investments or donations by the teachers, by Ontario Tire Stewardship—the list goes on and on where people were donating money and received millions of dollars back in return. That's how bad it is. This is a national paper front page. This is what we're seeing from this government.

Ms. Ann Hoggarth: You'd better know your facts.

Mr. Jim McDonell: It's the National Post.

Ms. Lisa M. Thompson: Google the National Post. *Interjections.*

Mr. Jim McDonell: You can look at it today. There's a whole article on it. That's how much it's out there.

You wonder why we're skeptical about this bill? It creates a huge pot of money that now can be assigned at the whim of the government. So we're concerned. Past action predicts future action, and that's what this government has done over and over again.

We also saw about 70 revisions to the bill by the government. Does it make sense? A bill put forth, heralded as a showcase of legislation, and then we're hit with all these government amendments and they're pushed through. This is after the delegations, so after people had a chance to speak, we see all these changes.

I know we were criticized for trying to get information. Government lawyers were not allowed to comment on the changes. I'm not sure what the majority of the Liberal members here were worried they might say. I assume that they would tell us the truth, and that was certainly not something that the government wanted to have this committee hear.

I know our legislative lawyers can only talk about certain things, but they really can't get into what the idea of the policy was. That's not what their role is. But the groups that really put this together, knowing some of the possibilities of where they might go with legislation or regulation in the future—there's a lot of questions about this bill.

Again, as Greg Sorbara said, this has the potential of impacting this province more than any other piece of legislation we've seen. We have conflicting comments by ministers of the crown, different directions they're taking. I mean, the whole climate change legislation is a real fiasco. So we're concerned about it, and we hope that Ontario businesses can react to this legislation and can respond before the government is forced to actually cancel it. If it has the impact that they're talking about, the money dries up, business dries up; they'll have no choice. It will be a recession created by our own government. We've seen time and time again the businesses leaving, and this will just speed up the rate they're disappearing at.

I would like the members here to have a second look at this and really consider this bill before they put it through.

The Chair (Mr. Grant Crack): Further discussion on Bill 172, as amended? Ms. Thompson.

Ms. Lisa M. Thompson: Just to conclude, I think the timeliness of the National Post article that has come out today really emphasizes the concern and why Ontarians should be nervous. We can't stress it enough. This cap-and-trade scheme has been purposely set up by this Liberal government with a shroud of secrecy around it, and they're going to use this money to pick winners and losers.

It's interesting. In terms of an example of picking winners and losers, the National Post article says, and I'm reading directly from the article, "The foreign owners of the Beer Store, who have donated hundreds of thousands of dollars to the Ontario Liberals over the past

decade, continue to enjoy a near monopoly over beer sales in the province, even as the government promises to open the market through limited, highly restricted beer sales in a select number of grocery stores." So—

The Chair (Mr. Grant Crack): Ms. Thompson, I'm just going to caution you that we're talking about greenhouse gas, not the sale of beer. If you could confine your comments to that, it would be much appreciated.

Ms. Lisa M. Thompson: Okay. I appreciate that, Chair.

Mr. Jim McDonell: It's overwhelming when she talks about beer.

Ms. Lisa M. Thompson: No. It's just an example of how a winner has turned around and contributed to the Ontario Liberal Party. This slush fund is setting up to yet again award winners that contribute to the mindset and the go-along-to-get-along with this Ontario government, hoping for some opportunities to cash in on windfalls down the road.

1530

Ontarians cannot afford this type of activity any longer. It's time the government stops dabbling and gets real: sets targets to reduce greenhouse gas emissions; encourages innovation, efficiencies and conservation so that businesses can utilize, on their own, opportunities to reduce greenhouse gas emissions, like we've talked about earlier. Once and for all, let's put Ontario taxpayers ahead of personal party interest and really stand up and do the right thing.

You still have time to go back to your advisers and say, "You know what? There have been some very good points made today over the duration of debating clause-by-clause on Bill 172." I think we're on the right track here with the loyal opposition and partnering with the third party in some of the thoughtful amendments that we put forward.

Once and for all, it's time that this government takes heed and realizes that their gig is almost up. While they may try and push their cap-and-trade scheme forward under the shroud of secrecy, at the end of the day the taxpayers will have final say. If nothing else, that final say will come in 2018.

The Chair (Mr. Grant Crack): Mr. McDonell?

Mr. Jim McDonell: It's interesting, as we go through some of these stories that came out today. Ontario has an interesting energy industry. We have one utility in the province that does not buy power from hydro. The power is purchased from Quebec. They only raise their rates once a year. We see this year, again, they did not raise their price of power for Cornwall Electric—a 0% increase. That is not something we're seeing in the rest of the province. Being from South Glengarry, they serve part of my township. We saw this before numerous times over the last 10 years, but certainly at the beginning of the Green Energy Act, when the rates were going up everywhere, Cornwall Electric, time and time again, came in with a 0% increase.

This is part of Ontario. They have the same issues and the same problems as the rest of the province has. They

have the same labour laws. The union, I'm sure, is looked after by some of the other power companies in the province, and yet they're able to deliver a 0% increase because they buy from Quebec. They're not stuck with the Green Energy Act. They didn't get a savings from the debt retirement charge because they didn't have to pay it in the first place.

It just shows what the potential is. It's great for the city of Cornwall and parts of South Glengarry and South Dundas—

Mr. Mike Colle: Point of order.

The Chair (Mr. Grant Crack): Point of order, Mr. Colle.

Mr. Mike Colle: I'd like to call the vote.

Interjection.

The Chair (Mr. Grant Crack): Mr. Colle, I'm not quite sure that that's a point of order.

Mr. Mike Colle: I'm moving a motion to call the question.

The Chair (Mr. Grant Crack): First of all, you can't move a question on a point of order. There is a process to move forward with regard to moving closure and asking for the question to be put. I haven't heard that. At this particular time, that—

Mr. Mike Colle: That's what I'm calling: putting the question.

The Chair (Mr. Grant Crack): Okay. Mr. Colle, you had first requested a point of order.

Mr. Mike Colle: I was just trying to get the attention of the Chair to put the question. That's basically what I've done.

The Chair (Mr. Grant Crack): Okay. Ms. Hoggarth.

Ms. Ann Hoggarth: I make a motion that we put the question.

The Chair (Mr. Grant Crack): Mr. McDonnell does have the floor, because there is discussion now on Bill 172. There is discussion ongoing in that regard. As far as closure goes, if that is to be asked for, I still believe there is room for more debate on this particular issue. So I'm going to turn to Mr. McDonnell and have him wrap up.

Hopefully, confine your remarks to what we're dealing with, and this is Bill 172, as amended.

Mr. Jim McDonnell: I am just highlighting a part of the province that is not subject to some of the regulation and what we could have enjoyed, in the rest of the province, under some of the savings. This is a case where we've seen three increases in the last year—substantial increases on all of Ontario. Here's the one utility that has nothing to do with Ontario; it's served out of Quebec. They're not dealing with a lack of supply where we've been encouraged not to purchase and we then find out we have to go back and actually have to increase our bills because of it.

We look at the huge number of changes in this bill—it has been amended. It's a bill that came before this House without any electoral support. It was a commitment by this government—just like we've seen other commitments—that was not followed through. The government committed that they would not put this through. Their

mandate was based on not producing a carbon tax, let alone a cap-and-trade system. Where they get the justification for this—to rush it through before our neighbours are actually moving ahead on their plans—is a deep concern of ours.

It's great for part of my riding—territory-wise, probably a quarter of it. The mismanagement that we've seen in the energy field—it's not good for the province of Ontario. That goes back to impact. Even in my riding, they buy products that are not purchased in Cornwall.

I think that we just have to look at this bill. We're really concerned about allowing them to move ahead with this. At home, over the weekend, people were telling me that we've got to do everything we can to stop this. Those are reasonable people, educated people, people in the agricultural field. I think that we've had the opportunity to see some of the changes. We've been warned by many people that came through—the depositions we saw. Many more that couldn't come through had some concerns. We'd like the majority government on the other side to consider some of these issues and see that, possibly, you might see a bit—at least delay until our competing nations and jurisdictions catch up.

The Chair (Mr. Grant Crack): Ms. Thompson?

Ms. Lisa M. Thompson: Just one, very short, final comment: Let's go back to where we started. It was interesting because I recall, when we were negotiating the length of deputations—not only in terms of the length of presentations but the number of days—that this government said, "Oh, nobody's going to be interested in this." While they allowed us an opportunity to give our deputants more than five minutes—they agreed to 10, which we appreciated very much—they had the audacity and gall to say, "Nobody's going to be interested in this." But, in the end, I believe there were 49 organizations and citizen groups that wanted to come forward to share deputations and what their thoughts were, specifically on Bill 172. While the government restricted the number of deputations to only 18, our comments and amendments, hopefully, have done the remaining number of organizations proud—upwards of 30—because we've tried to represent them the best we can in this committee with regard to their concerns on Bill 172.

The Chair (Mr. Grant Crack): Is there any further discussion on Bill 172, as amended? There being none, I shall call the vote on Bill 172, as amended.

Mr. Jim McDonnell: Recorded vote.

The Chair (Mr. Grant Crack): There is a request for a recorded vote. I shall call the vote at this time.

Shall Bill 172, as amended, carry?

Ayes

Colle, Hoggarth, McMahon, Potts, Tabuns, Wong.

Nays

McDonnell, Thompson.

The Chair (Mr. Grant Crack): I declare Bill 172, as amended, carried.

Interjections.

The Chair (Mr. Grant Crack): Order, please.

Shall I report the bill, as amended, to the House? Is there any discussion?

Shall I report the bill, as amended, to the House?

Those in favour? Any opposed?

I believe the yeas have it.

I shall then report the bill, as amended. So ordered.

We are done business on Bill 172. I want to thank all members of the committee for the great work that they've done, the members of Hansard, legislative counsel and the Clerk. Thank you.

This meeting is adjourned.

The committee adjourned at 1541.

CONTENTS

Tuesday 3 May 2016

Climate Change Mitigation and Low-carbon Economy Act, 2016, Bill 172, Mr. Murray
/ Loi de 2016 sur l'atténuation du changement climatique et une économie sobre en
carbone, projet de loi 172, M. MurrayG-1067

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Arthur Potts (Beaches–East York L)

Mr. Peter Tabuns (Toronto–Danforth ND)

Ms. Soo Wong (Scarborough–Agincourt L)

Clerk / Greffière

Ms. Sylwia Przezdziecki

Staff / Personnel

Ms. Laura Hopkins, legislative counsel



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Wednesday 11 May 2016

Journal des débats (Hansard)

Mercredi 11 mai 2016

Standing Committee on General Government

Committee business

Comité permanent des affaires gouvernementales

Travaux du comité

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

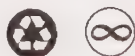
<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Wednesday 11 May 2016

Mercredi 11 mai 2016

The committee met at 1600 in committee room 2.

SUBCOMMITTEE REPORT

The Chair (Mr. Grant Crack): Good afternoon, everyone. I'll call the Standing Committee on General Government to order. It's a pleasure to see you all this afternoon.

We held a subcommittee meeting Monday, May 9, which was two days ago, and we prepared a report to be discussed this afternoon. I would ask if there is a member who would wish to read the subcommittee report into the record.

Ms. Harinder Malhi: Sure.

The Chair (Mr. Grant Crack): Ms. Malhi.

Ms. Harinder Malhi: I'd like to move the subcommittee report:

(1) That the committee meet during its regularly scheduled times on Monday, May 16, 2016, and Wednesday, May 18, 2016, for the purpose of public hearings.

(2) That the Clerk of the Committee post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website, and on Canada NewsWire—

The Chair (Mr. Grant Crack): Excuse me. I think what you're doing is you're reading the subcommittee report that was probably prepared by your party; however, there is the official subcommittee report in the package that was provided to you.

Ms. Harinder Malhi: Sure. That's a little different.

Mr. Jim McDonell: Not that we can't trust your interpretation.

Ms. Harinder Malhi: Okay, I'm moving the subcommittee report on committee business—

The Chair (Mr. Grant Crack): Ms. Malhi, start at the very beginning.

Ms. Harinder Malhi: I'd like to move the report of the subcommittee, Monday, May 9, 2016:

Your subcommittee on committee business met on Monday, May 9, 2016, to consider the method of proceeding on Bill 178, An Act to amend the Smoke-Free Ontario Act, and recommends the following:

(1) That the committee hold public hearings on Bill 178 in Toronto, at Queen's Park, on Monday, May 16 and Wednesday, May 18, 2016, during its regular meeting times.

(2) That the Clerk of the Committee, with the authorization of the Chair, post information regarding the com-

mittee's business with respect to Bill 178 in English and French on the Ontario parliamentary channel, on the Legislative Assembly website, and with the CNW news-wire service.

(3) That interested people who wish to be considered to make an oral presentation on Bill 178 should contact the Clerk of the Committee by 5 p.m. on Thursday, May 12, 2016.

(4) That, following the deadline for receipt of requests to appear on Bill 178, the Clerk of the Committee provide the subcommittee members, by e-mail, with a list of all the potential witnesses who have requested to appear before the committee.

(5) That, if required, each of the subcommittee members provide the Clerk of the Committee with a prioritized list of the witnesses they would like to hear from by 10 a.m. on Friday, May 13, 2016. These witnesses must be selected from the original list distributed by the committee Clerk.

(6) That groups and individuals be offered 10 minutes for their presentations, followed by up to nine minutes for questions by committee members: three minutes per caucus.

(7) That the deadline for receipt of written submissions on Bill 178 be 5 p.m. on Wednesday, May 25, 2016.

(8) That, prior to the start of public hearings on May 16, 2016, the research officer provide the committee with a summary of the available data on the health effects of marijuana.

(9) That, prior to the start of public hearings on May 16, 2016, the research officer provide the committee with an overview of the law on dispensing medical marijuana and related issues, such as zoning and the status of dispensaries.

(10) That the research officer provide the committee with a summary of oral presentations and any available written submissions as soon as possible, and no later than on Tuesday, May 24, 2016.

(11) That amendments to Bill 178 be filed with the Clerk of the Committee by 5 p.m. on Thursday, May 26, 2016.

(12) That the committee meet on Monday, May 30 and Wednesday, June 1, 2016, during its regular meeting times for clause-by-clause consideration of Bill 178.

(13) That the Clerk of the Committee, in consultation with the Chair, be authorized to commence making any

preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Grant Crack): Thank you very much, Ms. Malhi. That was rapid.

Any further discussion on the subcommittee report? Mr. McDonell.

Mr. Jim McDonell: Just a question of when they were able to post it on the parliamentary website.

The Chair (Mr. Grant Crack): Mr. Clerk?

The Clerk pro tem (Mr. Trevor Day): I have to check with the Clerk herself. Following the adoption of this report it will be posted, but it may be posted right now. The last line says, "... be authorized to commence making any preliminary arrangements ... prior to the adoption of this report." The subcommittee meeting was held Monday, May 9—

Mr. Jim McDonell: One of the conditions was that it be posted almost immediately.

The Clerk pro tem (Mr. Trevor Day): If that was the understanding for the Clerk in the subcommittee, that would've happened.

The Chair (Mr. Grant Crack): Further discussion? Mr. Colle.

Mr. Mike Colle: In my discussion with the Clerk yesterday, she indicated to me that they were already up.

The Chair (Mr. Grant Crack): Thank you, Mr. Colle.

Further discussion? There being none, I shall call for the vote on the report of the subcommittee. Those in favour? Those opposed? I declare the subcommittee report carried.

There being no further business of this committee—

Interjections: Oh, no.

The Chair (Mr. Grant Crack): No, seriously. No, I'm serious.

I declare this meeting adjourned.

The committee adjourned at 1605.

CONTENTS

Wednesday 11 May 2016

Subcommittee report G-1093

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Lorne Coe (Whitby–Oshawa PC)

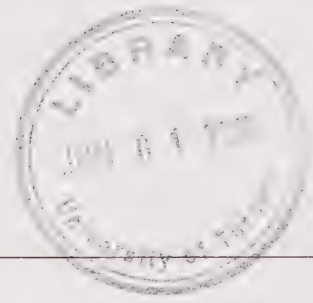
Mr. John Vanthof (Timiskaming–Cochrane ND)

Clerk pro tem / Greffier par intérim

Mr. Trevor Day

Staff / Personnel

Ms. Erin Fowler, research officer,
Research Services



Legislative Assembly of Ontario

First Session, 41st Parliament

Assemblée législative de l'Ontario

Première session, 41^e législature

Official Report of Debates (Hansard)

Monday 16 May 2016

Journal des débats (Hansard)

Lundi 16 mai 2016

**Standing Committee on
General Government**

Smoke-Free Ontario
Amendment Act, 2016

**Comité permanent des
affaires gouvernementales**

Loi de 2016 modifiant la Loi
favorisant un Ontario sans fumée

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 416-325-3708.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 416-325-3708.



LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Monday 16 May 2016

Lundi 16 mai 2016

*The committee met at 1401 in committee room 2.*SMOKE-FREE ONTARIO
AMENDMENT ACT, 2016LOI DE 2016 MODIFIANT LA LOI
FAVORISANT UN ONTARIO SANS FUMÉE

Consideration of the following bill:

Bill 178, An Act to amend the Smoke-Free Ontario Act / Projet de loi 178, Loi modifiant la Loi favorisant un Ontario sans fumée.

The Chair (Mr. Grant Crack): Good afternoon, members of the committee, ladies and gentlemen, Clerk, Hansard and legislative research. It's a glorious afternoon here in Toronto.

I'd call the Standing Committee on General Government to order. Today we're here to hear from interested stakeholders regarding Bill 178, An Act to amend the Smoke-Free Ontario Act. Today we have, it looks like, 10 delegations to present. Each delegation has up to 10 minutes to make their presentation, followed by three minutes of questioning or comments from the three parties.

So we'll get down to business.

ONTARIO LUNG ASSOCIATION

The Chair (Mr. Grant Crack): I will call the first delegation forward, who is no stranger to this place: from the Ontario Lung Association, Chris Yaccato, provincial manager, government relations and public affairs. Welcome, sir. You have 10 minutes.

Mr. Chris Yaccato: Thank you, sir. Dear Chair, Vice-Chair, members and Clerk, thank you for the opportunity to speak today about the proposed changes to the Smoke-Free Ontario Act contained in Bill 178, the Making Healthier Choices Act.

The Ontario Lung Association welcomes the proposal to prohibit the smoking of medical marijuana and the use of e-cigarettes wherever smoking tobacco is currently banned.

I want to stress that the Ontario Lung Association has never proposed, and does not now propose, banning the sale and use of e-cigarettes. While we support the prohibition on sales to anyone under 19, we recognize that many current tobacco users may turn to vaping in an attempt to overcome their addiction to nicotine. The Ontario Lung Association believes that the proposed

regulatory changes accommodate these e-cigarette users while providing a measured response to the lung health concerns associated with the growing popularity of e-cigarettes and the use of marijuana for both medical and recreational purposes.

We also believe that there are further opportunities to expand the Smoke-Free Ontario Act to deal with all inhaled substances that damage not only the user's lungs but also affect the health of those who breathe these substances second-hand. Every Ontarian has the right to breathe clean, fresh air. We urge the committee to respect that right by moving this legislation through committee without further delay. I'm sure you are all aware of our tagline: "When you can't breathe, nothing else matters."

That is my deputation to you today, and my request. I'm here to answer any questions you may have.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Yaccato. I think that's a record. I appreciate that.

We'll begin questioning from the official opposition: Mr. Yurek?

Mr. Jeff Yurek: Thanks for coming in and your quick deputation. I appreciate the work the lung association does for all Ontarians. It was great working with you on Ryan's Law. We just passed the one-year anniversary.

I don't have too much to ask on this. This bill is just filling in for what they forgot to do in the last bill.

Mr. Chris Yaccato: Yes.

Mr. Jeff Yurek: Unfortunately, we've got to use this whole process to get this added in.

If you have anything else to add, go right ahead.

Mr. Chris Yaccato: No. I think you've said it: It was a reaction to something that was overlooked. I think you guys are taking a really great approach to this. You respect everyone's right to use e-cigarettes and so forth as they see fit, but with reasonable and measured limits. I think that it's a fair approach, and I don't have much further other than that.

Mr. Jeff Yurek: How much time do I have?

The Chair (Mr. Grant Crack): Gee, two full minutes.

Mr. Jeff Yurek: Oh, then I can fill up the time.

Medical marijuana: What are the lung association's thoughts on medical marijuana and designated places for people to go and take their medication?

Mr. Chris Yaccato: Yes, I've heard that. It's twofold. I know that there are some conflicting jurisdictions.

Some of these medical marijuana storefronts: First and foremost, something needs to be done with regulating those. It's becoming a bit of a dispensary for everyone and anyone who want to go in and get pot.

On the medical marijuana component specifically: In the end, your lungs are a vital organ. Whatever you put in those lungs could potentially damage them. In the end, it's clean air only that should be inhaled into your lungs.

There are alternatives to smoking. Oil, for example, has been highly effective or used quite a bit. That doesn't involve having to inhale a substance that could cause lung cancer and other carcinogens that are associated with medical marijuana and recreational marijuana. I've heard the arguments stand alone.

In the end, it's also a workplace hazard. If you're in a hospital room and you have a patient who feels that they want medical marijuana—a lot of these hospitals have shared rooms. Someone could have other respiratory disease in that same room—and the doctors, the nurses, the cleaning staff, and those who bring in the food.

The more you use a substance like marijuana and the smoke that it produces or even the vapour over time, we're very concerned that that could lead to significant lung disease. The long-term effects haven't been thoroughly studied yet.

In the end, it's a workplace, and everyone has a right to a safe workplace. Unfortunately, it's something that we can't support.

The Chair (Mr. Grant Crack): Thank you very much; appreciate it.

We'll move to the third party: Ms. Gélinas.

M^{me} France Gélinas: Thank you for coming. I have five directions of questions that I would like you to think about. If you don't feel comfortable or you're not ready to answer, I'm okay with that too.

Mr. Chris Yaccato: Certainly.

M^{me} France Gélinas: In your opening remarks, you talk about all substances, not just tobacco and marijuana. What are you referring to?

Mr. Chris Yaccato: It could be hookahs and shisha, for example. We are part of an effort—others in this room, as well—to work in the region of Peel to prohibit hookah bars. The shisha used in hookahs is obviously a very large concern as well. That would be one particular item.

M^{me} France Gélinas: Do you feel that the regulations that we have in Ontario right now are sufficient, or would you like to see more?

Mr. Chris Yaccato: For hookahs and shisha specifically, I think that it needs to be a broad approach, province-wide.

M^{me} France Gélinas: Okay. When it comes to dispensing, right now the government is putting forward the idea that it could be available in the LCBO only. Do you support that?

Mr. Chris Yaccato: It's something that the lung association would have to look at. I think that the idea is sound. They're trained staff. The workers there are great at recognizing young people coming in. The mechanism

seems to work. I've heard the argument, as well, for pharmacies.

I suppose that if there is proper regulation in place regardless, I think that we're open to listening to that. I couldn't say that we're 100% behind it at this point just because we don't know enough about what the government has proposed with respect to regulation. I will say that they do need to get on this right away. It's kind of a Wild West out there.

On my way home today, I'll pass—I think that I last counted—15 dispensaries. There are line-ups out the door. I know that people are sick and would like to use it, but I think there's a reality there that something needs to be done, and it can't wait.

1410

M^{me} France Gélinas: When we talk recreational marijuana, some people would like us to regulate it more than tobacco, as in not available to young people under the age of 25 or young people under the age of 21. Does your association have a position on that?

Mr. Chris Yaccato: No, but it is something that we have talked about and I think it is something that we could probably end up supporting. If you're going to go along those lines, you need to really define why it's needed—the reasons why, for example, smoking marijuana would have to supersede an oil or so forth and so on.

A 25-and-up proposal: I think it's something that we would have to talk about. I couldn't firmly say the lung association is behind that at this time, but it's something worth a look-through, absolutely.

M^{me} France Gélinas: The same thing with 21?

Mr. Chris Yaccato: Same thing.

M^{me} France Gélinas: Okay. There are a lot of people who are afraid—

The Chair (Mr. Grant Crack): Final question. You're over, but we've got a little time, so one more.

M^{me} France Gélinas: Thank you. There are a lot of people who are afraid that because a lot of people who smoke marijuana roll it with tobacco so that the joint holds better, the crossover will mean that more people will become tobacco smokers as well. Does the lung association support those claims or no?

Mr. Chris Yaccato: I've heard that. I have witnessed that. It is a very deep concern, because you are absolutely right and you raise a really good point. I think that really needs to be on the forefront, because people do mix it with tobacco to make it last longer or to try to make it easier for them. I don't know why you would want to do that, but again, that raises some very good points, because then all our work over all these years in helping to lower tobacco rates could very well be wiped out. All the good work that the NDP, the Liberals and the Tories have done on this file could just be wiped out in a matter of weeks, years, months.

M^{me} France Gélinas: I agree—if we don't act quickly. Thank you.

The Chair (Mr. Grant Crack): Thank you very much. We'll move to the government. You have three minutes.

Ms. Ann Hoggarth: Thanks for your presentation, Chris. It's good to see you, as always.

This bill is written in a way that allows the government to prescribe products in regulation that may need to be subject to similar rules to tobacco. Have you seen a need for other products to be subject to rules regarding second-hand smoke?

Mr. Chris Yaccato: That's a good question. We had talked about hookah and the proliferation. The city of Ottawa had looked at this issue—Peel, Mississauga. I think that's kind of an issue that would need to be addressed fairly soon, because it's very patchwork right now. Peel, Toronto and others will need to follow suit.

Absolutely, because there may be a time in the future where a new product comes on the line. Cigarette companies, as I have been advised, are looking at alternative products. What they are exactly I couldn't speak to fully, but I know that allowing some leeway with respect to regulating those types of things—absolutely. It certainly needs to be looked at and done.

Ms. Ann Hoggarth: Great. Thank you very much.

The Chair (Mr. Grant Crack): Thank you. We appreciate it, Mr. Yaccato. Have a great afternoon.

ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

The Chair (Mr. Grant Crack): Next on the agenda, we have from the Ontario Campaign for Action on Tobacco Mr. Michael Perley, who is the director. We welcome you, Mr. Perley. You have 10 minutes, sir.

Mr. Michael Perley: Thank you, Mr. Chairman, Vice-Chair and members of the committee. On behalf of the Ontario Campaign for Action on Tobacco's partners, the Canadian Cancer Society's Ontario division, the Heart and Stroke Foundation, the Non-Smokers' Rights Association and the Ontario Medical Association, it's a pleasure to appear before you to support another new component of the Smoke-Free Ontario Strategy.

As you know, Bill 178 extends the definition of what is regulated by the Smoke-Free Ontario Act from "lighted tobacco" to "a prescribed product or substance." The new definition is proposed in order to allow the government to specifically restrict the smoking of medical marijuana wherever tobacco smoking is prohibited.

Beyond just medical marijuana, however, the new definition embodies the understanding among experts that inhaling any combusted organic matter carries similar health risks to inhaling tobacco smoke. We support the government's intention, but we also recommend that the new definition be used to restrict another relatively new and dangerous practice: the smoking of both herbal and non-herbal shisha in water pipes or hookahs.

During the past five years, researchers from Canada and other jurisdictions have studied the health impacts of first-hand and second-hand exposure to emissions from water pipes, whether they are burning herbal shisha or tobacco-based shisha. The results should be of concern to us all. Research carried out in water pipe cafés in Toronto

several years ago determined that air quality levels in indoor water pipe cafés were hazardous to human health. Smoking tobacco-based shisha in a water pipe consistently exposes users to larger volumes of smoke and higher levels of tobacco toxicants, compared with a single cigarette. Water pipe smoking sessions can typically extend to an hour or often longer, exposing users and those around them to the equivalent of many cigarettes. Both tobacco-based and non-tobacco-based shisha smoking are equally dangerous to health. Studies have typically found that the only difference between emissions from the two types of shisha, herbal and tobacco-based, is the nicotine in the tobacco-based product, in terms of toxicity.

These and other health impact results make clear that water pipe smoking in indoor premises should be banned, as is tobacco smoking. The city of Toronto and the region of Peel, as you just heard, have recently joined several other smaller Ontario municipalities in banning this practice. This in turn has created an unlevel playing field in Ontario, which the original Smoke-Free Ontario Act was specifically designed to eliminate vis-à-vis the smoking of tobacco in workplaces and public places.

Beyond the health evidence, numerous media and anecdotal reports make clear that many young people consider hookah smoking, especially non-tobacco shisha smoking, a safe alternative to cigarette smoking, partly because of a belief that because herbal shisha is non-tobacco and natural, it cannot be as harmful as tobacco. As the research shows, this is not true.

Perhaps of most concern is the fact that in last year's Ontario Student Drug Use and Health Survey, 8.3%, or 76,200 grades 7 to 12 students across the province, reported smoking hookah in the past year. This compares with 8.6%, or 82,700, grades 7 to 12 students who reported past-year smoking of cigarettes. The section from the survey on water pipe use is attached, in order that you can see what the water pipe use rate is in your part of the province.

This is, of course, an extremely disturbing trend. We may soon be at a point where hookah smoking is a more attractive first smoking experience to young Ontarians than cigarettes. As you know, young Ontarians today are smoking cigarettes less often as more and more learn of tobacco's dangers. None of us want to see these important gains undermined by more and more of our youth experimenting with water pipes.

We strongly urge the committee to recommend to the government that it use the new definition in Bill 178 in order to prohibit the indoor smoking of either herbal or non-herbal shisha. Numerous Middle Eastern countries have taken similar steps, and it is time for Ontario to follow their lead.

Thank you.

The Chair (Mr. Grant Crack): Thank you very much, sir. We appreciate your input. We shall be with Ms. Gélinas.

M^{me} France Gélinas: Good afternoon. Always nice to see you, Mr. Perley.

Mr. Michael Perley: Thank you.

M^{me} France G  linas: You were there when I asked my questions, so I will shorten them. The first one has to do with dispensing. Do you agree that Ontario should limit the dispensing of marijuana, once it is recreationally legal, to the LCBO?

Mr. Michael Perley: Our partners haven't landed on a specific outlet type, but they've agreed in general—and Mr. Cunningham can speak more, on behalf of the cancer society—that there must be a regulated outlet system. Exactly what type of outlet—we haven't landed on that yet.

M^{me} France G  linas: Okay. How about age? Are you opposed to increasing the age to 21 or 25, or are you indifferent?

Mr. Michael Perley: We're not opposed to it. I think that absolutely deserves serious consideration.

In the legislative summary of the health impacts and harmful effects of marijuana, there's a note to the effect that marijuana can effect cognitive impairment, create altered perception and lead to decreased impulse control. If you have younger people, who are just getting used to driving, under those kinds of influences, we think the risk of car accidents, just to name one negative side effect, increases significantly, so an increase in age should absolutely, seriously be considered.

1420

M^{me} France G  linas: All right. You've seen that some cigar makers and cigarillo makers now sell the tobacco flavouring separately, but at the same outlet. Would you support the government going further in banning flavoured tobacco, to really go after those manufacturers who circumvent the spirit of the bill?

Mr. Michael Perley: I don't know how we'd do that, but we'd certainly like to see that happen. For other members, Madame G  linas is referring to cards that are infused with flavours that can be inserted into a pack of cigarillos—or cigarettes, presumably—to give them a flavour. The flavour seeps from the card into the cigarette product or cigar product. We just became aware of these on Thursday, so we haven't discussed them at all, but for sure, they should not be available in the market. I don't know how we'd do that, but they should not be available.

M^{me} France G  linas: You spend a lot of time on tobacco. You've heard that a lot of marijuana smokers also smoke tobacco because rolling is easier for whatever reason with tobacco in it. Are you afraid that if we don't act quickly, then the good work we've done to decrease tobacco smoking will actually go the other way?

Mr. Michael Perley: It's distinctly possible. We've debated everything from the fact that it appears there will be a more regulated system for marijuana sales than for tobacco sales. The research we have on both substances at present indicates that tobacco is more dangerous. It has no safe level of use. We don't know whether marijuana has a safe level of use. Tobacco kills half of its long-term users when used as intended. We have no idea what marijuana does to its long-term users.

So to create a system which regulates marijuana more strictly than tobacco doesn't make any sense. It also can very possibly lead to new smokers, or people who've quit but start using tobacco to roll their joints starting again. There's a very serious problem if we don't deal with both topics at the same time.

M^{me} France G  linas: Do you feel like the Legislative Assembly is ahead of this or missing the boat as to how fast we move on those issues?

Mr. Michael Perley: I don't know of any Legislature in the world that's ahead of the tobacco industry. They have a remarkable ability to anticipate the needs of their customers, new trends and so on. I don't think I'd say anything about the Legislature except that it has consistently maintained a strong attitude over many years to restricting these products.

Having said that, we're into a new era with legalized marijuana, medical or not. In our view, I think we have to deal with both marijuana and tobacco at the same time in a different way than how we're dealing with them separately right now.

M^{me} France G  linas: I agree, and the faster, the better.

The Chair (Mr. Grant Crack): Thank you very much; appreciate that. We shall move to the government side: Mr. Fraser?

Mr. John Fraser: Thank you very much for being here today and for your presentation. I do want to just thank you for your support of the bill and for your comments. The only thing I might add in terms of the regulation—it's not our responsibility—and the dispensing of marijuana at this point is that some of the greater regulation in that regard has got to do with the newness and the intoxicant effects. That's probably why they're sort of seen as—there's no question that the more we restrict tobacco products, the fewer people we'll have smoking. That's the direction that we have to head in.

The thing that I really found interesting in your presentation is the uptake in shisha use amongst adolescents. When I look at this, the numbers are quite shocking, actually.

Mr. Michael Perley: Yes, they are.

Mr. John Fraser: I'm from eastern Ontario, so I'm not surprised, because I represent probably one of the largest populations of Arabic descent in all of Canada in the riding. So it's a question I have in terms of—I don't know if it would be anecdotal evidence. Where is that happening? To me, it sounds like culturally, inside the home, the adults are permitting their adolescents, and it's concerning in that regard because there is, obviously, risk. So I don't know if you have any comments in that regard.

Mr. Michael Perley: Well, the analyses that have been done about where this epidemic started—and it is an epidemic of use—generally agree that it's among young people worldwide. It's not among adult traditional or typical users.

The products are flavoured. With the increasing number of bans on smoking indoors, it has become a bit

of a fad or a trend among many younger groups—and because you can do it; it's not restricted now. So if you're 16, 17 or 18, you can now go to a hookah bar—maybe not in Toronto, as of fairly soon, and not in the region of Peel, but in many other places in Ontario—and sit with your friends and smoke hookah, if you're 16 or 17 years old. You can't do that with tobacco. The proliferation of flavoured products has made them more attractive.

There's a relationship between the device that's used—the water pipe—and smoking marijuana, which is part of the youth culture today, so there's a bit of a crossover there.

So there are a number of reasons why this has proliferated, but the term we use is that it's not a cultural practice.

Mr. John Fraser: That's just determining where it's happening, right?

Mr. Michael Perley: Right.

Mr. John Fraser: That's a very good point. I'm glad you raised that, in terms of there being no restriction inside—

Mr. Michael Perley: Unless there is a specific municipal bylaw, at this point.

Mr. John Fraser: I'll knock on doors in my riding, and there are a lot of houses where the pipe is right on the front step, and you'd be walking up and people would be smoking. That is a real concern.

How much time do I have?

The Chair (Mr. Grant Crack): Actually, none, but just go ahead.

Mr. John Fraser: It is a real concern when you see that kind of prevalence amongst—it's almost 20% amongst males. That's incredible.

Mr. Michael Perley: To equal cigarettes—I think this is what caught us all off guard, and the US has very similar numbers. We are aware of the US statistics. The head of the FDA recently said we could perhaps look forward to a day—not look forward to it, but there may be a day soon when water pipe smoking may overtake cigarette smoking as someone's first smoking experience. Hence my comments. This is something we absolutely need to nip in the bud.

Mr. John Fraser: Thank you very much.

Mr. Michael Perley: Thank you.

The Chair (Mr. Grant Crack): We'll move to the official opposition. Mr. Yurek.

Mr. Jeff Yurek: Thanks very much for coming in today and sharing your thoughts.

We've had two bills from this government in the last two years with regard to dealing with decreasing smoking in the province. However, we haven't seen any serious action from this government with regard to contraband cigarettes, which I think is a whole open-ended area. Many youth who get banned from getting access to this type of nicotine—which is great—are only going to seek it on the illegal side of the trade.

What are your thoughts on how the government can do better with contraband cigarettes or tobacco?

Mr. Michael Perley: I guess I'd start by saying that the main groups that advocate about the seriousness of contraband—led by Imperial Tobacco, which regularly puts ads in the Hill Times in Ottawa about contraband, relating it to every other tobacco control issue, saying that contraband should be Canada's number one tobacco control priority—the groups that are funded, such as the National Coalition Against Contraband Tobacco and the convenience stores association, that work very closely with the industry, all share the same view, and advocate, that contraband should be our main priority.

Is there a contraband problem? Yes, there is. Has sufficient action been taken? Not until it's stomped out. Are there many measures in place to actually stop contraband and provide enforcement tools to police—and I mean at both the federal level, with Bill C-10, that makes repeat trafficking and contraband a Criminal Code offence—that was very welcome—to the ability of local police to seize contraband in plain view.

There are a number of other regulations to do with the crop that have come in, to monitor raw leaf in Ontario—and it's grown considerably here—and to make sure that it doesn't divert into the contraband system.

There are a number of other enforcement measures that have been put in place, as well as a new task force that was just announced a couple of months ago.

If you look at Quebec, Quebec is slightly ahead of us in terms of enforcement activity. They state that their contraband prevalence is 15%. If you look at what the national coalition says, it says it's 40% in Ontario. I don't think it's anywhere near 40%. We have no evidence to indicate that it is. We think that's simply a tobacco industry propaganda campaign designed to have Legislatures focus uniquely on contraband and not at all on other issues, most particularly tax increases. So is there enough being done? There can always be more.

1430

I think the Quebec experience tells us—and I'll just conclude on this: Funding of specific groups of law enforcement officers to undertake specific investigations. It's called, in Quebec, the ACCES tobacco program. A very similar program has now been set up here.

I think we're on the road to doing it, but there are some holes in the system; no question. There is the allocation system—we don't have time to get into that today. It's being reviewed. There is the fact that there's no on-reserve enforcement to speak of, unless a particular First Nations police force wants to do it. Our enforcement people can't go on reserve. Smoke shacks are doing a brisk trade in many parts of the province—not everywhere.

So there's still a big problem, but it's not as big as the tobacco industry would have us believe. I think, with some more enforcement and more resources, and some public education, which we don't have any about contraband—there hasn't been a single public education campaign of any visibility about contraband for 10 years.

Mr. Jeff Yurek: So that would be a good role for the health promotion branch of the government.

Mr. Michael Perley: It would be.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it, Mr. Perley—coming before committee this afternoon and sharing your thoughts.

GATEWAY NEWSTANDS

The Chair (Mr. Grant Crack): Next, from Gateway Newstands, we have the president, Mr. Noah—Aychental?

Mr. Noah Aychental: Close enough.

The Chair (Mr. Grant Crack): I'm sure you can clarify that for us.

Welcome, sir. The floor is yours, and you have up to 10 minutes.

Mr. Noah Aychental: Noah Aychental; thank you.

Just a very little bit about Gateway Newstands: We are a chain of almost 400 stores in Canada, 100% franchised, offering many Canadians—hundreds of Canadians and a lot of new Canadians—opportunities to run their own independent businesses under a franchise system. We are very proud of one unique aspect of our franchise in that we share all of our rebate revenues, anything that we derive from non-retail income, back into our stores' hands to increase their profitability.

I want to thank you very much for your time today to hear our issues relating to Bill 178. This bill is designed to minimize or even curtail vaping in any form, including medicinal marijuana, in a public place like e-stores and lounges, the areas where e-stores want free rein.

Gateway Newstands fully supports Bill 178, ensuring that e-cigarettes or any type of vaping deliverable should not be smoked in a retail environment like a c-store or even an e-cigarette store. We encourage the committee to ensure that these products are handled the same way as tobacco in Ontario.

As a convenience chain operator, I am here to present my concern with this government's approach to e-cigarette retailing as indicated in the draft regulation that was recently posted for consultation under this bill. The regulation, as it is written, will allow competing vape shops to operate under a lower standard than the Smoke-Free Ontario Act currently sets out. That puts our stores at a competitive disadvantage. Passing this regulation will be a regression in an otherwise very progressive tobacco retailing environment here, an environment that our stores are proud to have played a central role in. Gateway has an outstanding record for checking for ID for any tobacco sale, and that can be easily verified by checking with any municipal health board.

Convenience stores, like Gateway, are naturally upset with the special exemption that vape stores are receiving. By allowing vape shops to retail e-cigarettes without restriction, other than to limit access to their stores to people of age, the government will be increasing the popularity of a product that the FDA recently reported should be treated the same way as tobacco. In addition, the government will be punishing Gateway stores and others, to the benefit of this new, unregulated channel.

On the special exemption, we are confused as to how the government will ensure that patrons under 19 will not be able to access vape shops in Ontario, of which there are now hundreds if not thousands in Canada. Enforcement will require more resources for regional public health units, which will undoubtedly cost the public more money. With inadequate enforcement, we feel it is inevitable that youth will continue to access these stores and be exposed to the exciting displays and promotions that vape shops will be allowed to continue to invest in.

From a public health perspective, granting vape shops this exemption doesn't make sense; from an industry perspective, this exemption could be devastating. The convenience sector is struggling, and enabling our competition doesn't help. Convenience stores need to find replacement categories of products for our declining tobacco, magazine and lottery sales. We are currently over-reliant on tobacco users to drive revenue.

Consumer trends indicate that a greater portion of tobacco users are switching to e-cigarettes. If our traditional tobacco customers are making this product transition, why is government telling them to go to unregulated competitors?

It is only logical for our customers to be offered a less harmful product that reduces the customer's use of tobacco. We want to keep our customers coming back to our stores. Please, we must have a level playing field.

Convenience stores should be the trusted retailer of these controversial products because:

(1) Gateway stores have a long-established history of complying with regulation and enforcing the spirit of the Smoke-Free Ontario Act. Our power walls are a good example of that. We have been completely blind with any form of tobacco for many, many years.

(2) Gateway stores do not exploit the loopholes in Canadian law and do not retail e-cigarette products that contain nicotine.

(3) Gateway stores have already established good working relationships with regional public health inspectors.

(4) Gateway stores are the best at checking for ID, as proven through third-party research. We are subject to the highest fines and penalties if we're caught.

If the concern is for our customers vaping inside our stores, do other customers in the stores know if the vapour is a health concern or not?

My ask: Instead of accommodating vape shops that continue to retail nicotine products illegally, we are asking that the government abolish the exemption and make vape shops subject to the same display, access and dispensing requirements as the c-store channel.

The Chair (Mr. Grant Crack): Thank you very much; appreciate that.

We shall start with the government side: Mr. Fraser.

Mr. John Fraser: Thank you very much for being here today, and thank you for your presentation.

Just on a technical side: You said something—my background is in the grocery business, so I understand your business somewhat—about your rebates. In other

words, your rebates from selling all sorts of products go directly back to the store and not to your head office.

Mr. Noah Aychental: We split it 50/50.

Mr. John Fraser: You split it 50/50? Okay. Well, that's good.

Mr. Noah Aychental: With the group buying power of hundreds of stores, it really creates an opportunity for them to take advantage of an extra margin in an already low-margin business.

Mr. John Fraser: Are you a franchise model as well too, or are you corporate?

Mr. Noah Aychental: One hundred per cent franchised.

Mr. John Fraser: One hundred per cent franchised. Okay; that's great.

I appreciate very much your concern on second-hand smoke inside your stores and your support of this specific bill that relates to the smoking of marijuana in public spaces.

In terms of your comment directly in terms of regulations: One of the challenges is, obviously, for youth, vaping as a gateway to smoking and maybe as a gateway to, as you've just heard, hookah use. What you're suggesting is to have a stronger set of regulation—in other words, for those shops that exist right now—

Mr. Noah Aychental: Well, we are heavily regulated, and they're not. That's the big concern. It's the age gap. We're quite used to regulation for a lot of age-contentious products. It has been a part of our makeup for forever. I think that the main concern is that there's no regulation on these pop-up vape shops.

Mr. John Fraser: Yes. I understand what you're saying. It would be similar to the kind of concern that you would have with tobaccoists that were grandfathered in. There's no question from the point of—how much time do I have?

The Chair (Mr. Grant Crack): A couple of minutes.

Mr. John Fraser: Okay, thanks.

Mr. Noah Aychental: Not none, like last time.

Mr. John Fraser: He's not going to cut me off.

There's no question, in my experience with convenience stores in my community, in terms of the uptake on the ability to ensure that you're not selling cigarettes to minors. There's no question that, over a period of a decade and bit, there has been incredible work. The challenge becomes when you're restricting a store to say, "If you're not a certain age, you can't go in that store," just like you have in liquor stores. So you can understand the conundrum that exists there, right?

I appreciate your comments in those regards, and I do understand what you're saying in terms of trying to level the playing field. On this side, our challenge is to balance those interests as well.

But I want to thank you very much for being here today and for your presentation and for your support of the bill.

1440

Mr. Noah Aychental: Thank you.

The Chair (Mr. Grant Crack): Thank you, Mr. Fraser. We shall move to the official opposition: Ms. Thompson.

Ms. Lisa M. Thompson: Thank you for being here today. I'm wondering if you could help clarify something with regard to comments shared earlier. You mentioned that vape shops possibly aren't as regulated as other industries such as yourselves or convenience stores, etc., but they possibly sell safer products. Can you clarify that, or how do you come to that determination?

Mr. Noah Aychental: Well, there's the issue of vape being a cessation product. We're encouraging, through the sale of these products, a much safer option than tobacco, and I think that has been demonstrated.

I have to disagree with what was said earlier about it being an encouraging thing for people to start vaping from no smoking experience. I think that more than anything this is working amongst a lot of people I know who are former smokers who use this as eventually a way to go from smoking to not smoking at all.

For us in the youth environment side, I don't know if I mentioned—we are in a lot of age-sensitive areas. We're throughout the TTC, in the subway system, and in hospitals and shopping centres as well. So we service a lot of young people. That's why I think we're in the best areas to really consciously protect youth from access to these products and do whatever we can to make sure that there's an option out there for not using tobacco. I hope that answers your question.

Ms. Lisa M. Thompson: Interesting. Okay.

The Chair (Mr. Grant Crack): Thank you very much; appreciate that. We'll move to Madame Gélinas.

M^{me} France Gélinas: Thank you so much for coming. I was a little bit curious. When you went through your presentation, you said that none of your vaping products have nicotine in them. Did I hear you right?

Mr. Noah Aychental: We are not selling anything with nicotine. We're following the rules that have been laid out. Gateway has chosen, as have many other people in our association—major chains are following the rules to not sell any nicotine additives. They are available at vape shops in a big way. That's part of the contentious nature of this product: that you can obtain nicotine additives for all of these products. That has to be regulated, right? But we have chosen to follow the rules and co-operate with the guidelines that the government has put on us as the legitimate business of tobacco sales and the fact that we're licensed to sell tobacco. But because of the grey area we're staying away from the contentious nature of vape nicotine-based products.

M^{me} France Gélinas: This is rather interesting. Would smokers actually buy non-nicotine cartridges?

Mr. Noah Aychental: There are variations of the nicotine power that's available. I guess the theory behind these products is that you can start off with a higher level of nicotine and eventually wean yourself down to nothing but a flavour with no nicotine additives. That's the whole purpose of making it a smoking cessation device.

M^{me} France Gélinas: But you don't do this; you just sell the cartridges with no nicotine in them?

Mr. Noah Aychental: That's correct.

M^{me} France Gélinas: Okay. So they have to already be at the stage where they don't need nicotine anymore or they continue to smoke?

Mr. Noah Aychental: For now, we're selling to people who are just enjoying flavours without the nicotine additives.

M^{me} France Gélinas: Okay. We've heard a lot that Health Canada does not test those cartridges. How do you know for sure what's in those cartridges and that there is no nicotine in them?

Mr. Noah Aychental: There's packaging that has to indicate that they have nicotine additives. We're very careful with the suppliers that we are selling products for. We're examining anything before it goes out into distribution to our stores.

M^{me} France Gélinas: Where are your suppliers coming from? Are they Canadian?

Mr. Noah Aychental: Some are. All the distributors are receiving products from all over the world, but I think they're made in various different markets and shipped to Canada.

M^{me} France Gélinas: So your point is really that you are against the special exemption. You feel that every convenience store should be allowed to sell and work with the same rules as everybody else. So no special exemption for a vape shop: If you sell vaping equipment or cartridges or flavours, the same regulations would apply to everybody who sells.

Mr. Noah Aychental: And on top of that—yes, I agree with everything you said—when it is time for us to sell nicotine additives, we are in the right position, because we are licensed to sell tobacco and tobacco products. They're not. A lot of vape shops don't have tobacco licences at all. That business should be coming to our stores. That business should be coming to our partners in our association, because we are the professionals at age-testing and selling tobacco products—period.

We're co-operating now with the rules that the government has laid out. We are refraining from selling a contentious product because there haven't been any rules put into place yet. It's kind of open season on nicotine additives in these products. We feel that that is our area of expertise, where we should benefit from the time when these products are legitimately made available to the public for consumption.

M^{me} France Gélinas: And you feel you would be able to do this, even with the power walls, where people would not see the products and would have to call it and all this?

Mr. Noah Aychental: We will follow all the rules, but I know that the consumers are already used to coming to our stores for hundreds of years. Our convenience-style, tobacconist-style stores are the outlet for tobacco products, and we should continue to be that. We shouldn't be beat on an unlevel playing field by non-legitimate stores that are selling without proper regulation.

M^{me} France Gélinas: Do you have any preference what the regulations should be like? Should it be behind the walls? Should you be allowed to show the different—

Mr. Noah Aychental: We are complying now with a completely blind environment for tobacco products. That's something that we've also co-operated with the government on, and we have since 2006 or 2007, where there have been no tobacco products visible at all. We will continue to comply and use the resources that we have to educate the consumers in whatever limited capacity that we have legally available.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Aychental. Thank you for your comments.

ONTARIO KOREAN BUSINESSMEN'S ASSOCIATION

The Chair (Mr. Grant Crack): Next we have, from the Ontario Korean Businessmen's Association, Mr. Don Cha, who is the general manager. Welcome, sir. How are you today?

Mr. Don Cha: Great.

The Chair (Mr. Grant Crack): Good.

Mr. Don Cha: Never can get used to this, but I'll try my best.

The Chair (Mr. Grant Crack): That's great. Welcome, sir. You have up to 10 minutes.

Mr. Don Cha: Thank you, sir. Good afternoon, members of the committee and Mr. Chair. Thank you for the opportunity to speak to you today. My name is Don Cha. I am the general manager for the Ontario Korean Businessman's Association, also known as the OKBA.

I am here to ask some questions about Bill 178, specifically some proposed amendments on how e-cigarettes are sold in Ontario. Before I comment on that, I would first like to talk a little bit about our organization and who our members are.

Our business association was launched in 1972, during a period of significant immigration to Canada by tens of thousands of Korean-born nationals like myself. Today, it is estimated that several hundred thousand Korean-born nationals now call Ontario home. Koreans, by nature, are hard-working and humble people. We did not come to Canada to ask for handouts or any special treatment. We play within the rules and seek a fair shot at success, like all Canadians, regardless of their background, religion or what we do to generate an income for our families.

With a strong work ethic and entrepreneurial spirit, many Korean immigrants ended up owning and operating small convenience stores. At our peak, we had more than 2,000 Korean families who owned and operated independent convenience stores across the province in cities and small towns of all sizes. With few exceptions, we have members in every riding across the province and most likely in each of your ridings. Our members operate their business like many small business owners. They work long days, often seven days a week, and keep their stores open for long hours, maintaining 18-hour days.

1450

As you know, convenience stores can be a cornerstone of a community, particularly in small towns. Our owners know many of their customers on a first-name basis and see hundreds of people every day. Our members know better than most the inevitable changes that are impacting the retail landscape, and that in business, nothing stays the same. As a result, our member stores are diversifying the products they sell in order to stay in business. Gone are the stores that just sell lottery tickets and newspapers. However, a significant portion of our revenue still comes from the responsible sale of licensed and taxed tobacco products.

Since the current government brought in the Smoke-Free Ontario Act, we have dutifully followed all regulatory changes and have continued to be responsible retailers. However, if some of the proposed amendments in Bill 178 go through and current unregulated vapour shops are permitted to sell e-cigarettes with fewer restrictions, our members will face further hardships, and more hard-working family businesses in Ontario will close permanently.

I mentioned earlier that when our association was the largest, we had over 2,000 members. Today, less than 1,500 stores remain in operation; 25% of our member stores have closed since 2009. Many factors are increasingly making it difficult for small, independent convenience stores to survive. Increased competition from big box retailers, higher electricity costs and increased regulations and red tape all add pressure to our members as they try to make a living.

Since being introduced several years ago, we have seen many smokers transition from traditional tobacco to e-cigarettes. Our retailers are pleased to be able to provide these products. For years, our members have struggled in an environment where contraband tobacco has flourished and been made readily available. While we appreciate government efforts to battle that problem, it still exists, and the unlevel playing field that our members have been forced to compete on has largely been responsible for so many of our members closing their doors. Now we are facing a similar problem with e-cigarettes.

I would like to question aspects of the proposed amendments in Bill 178 and challenge the government and this committee to consider the impact to hard-working Ontario business owners, like OKBA stores. I need to provide my members with some answers, so I hope you can help me here.

First, allowing a double standard: As indicated earlier, along with all convenience store retailers, the OKBA has worked with this government to enforce the many different rules and changes that were part of the Smoke-Free Ontario Act. We do not understand why the government is now proposing two sets of rules around the sale of e-cigarettes. If retailers like us must cover displays and not have any in-store advertising, then all stores should have to follow the same rules. Anything less would be a regression in what has become a progressive tobacco retailing environment.

Second, enforcement of vapour shops: If the bill is passed as it's currently written, vapour stores will be allowed to sell openly displayed e-cigarettes, providing they restrict access to only those 19 years of age or older. This will undoubtedly result in increased costs to government, as it would have to spend more money through regional health boards to conduct more mystery shops. Our retailers already have good relationships with these regional health officials. We are already well aware of the laws surrounding the sale of many age-restricted products. The c-store sector has repeatedly proven to be among the best at checking ID. How can these vapour shops assure their communities that they are really restricting access to only those 19 years of age and older, and how can the government enforce it?

Third, trust the convenience store sector: As mentioned earlier, the landscape for our members to remain profitable these days is difficult. However, our remaining members continue to work hard, pay our taxes and play by the rules. Convenience stores owners have a long-standing history with regulatory compliance and enforcement. We do not exploit loopholes and do not retail e-cigarettes with nicotine, something many existing vape shops currently do. We want to continue to be a trusted partner to government. Trust us to help you enforce the laws for everyone.

Our request to this committee is simple: Please ensure that any regulatory changes around the sale of e-cigarettes are fair and treat every retailer the same. Do not accommodate vapour shops to continue to retail nicotine products illegally. All stores that sell these products must be subject to the same display, access and dispensing requirements, whether they are vapour shops or convenience stores.

Regrettably, some of our members who closed their stores have actually gone back to Korea. Those of us who remain are proud Canadians and proud to call Ontario home.

Thank you for the opportunity to present today, and I welcome any questions you may have.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Cha.

We'll start the questioning with Madame Gélinas.

M^{me} France Gélinas: I think it was them.

The Chair (Mr. Grant Crack): The first round went PC, NDP, Liberal. Then it's NDP, Liberal, PC. So right now, it's NDP.

M^{me} France Gélinas: Huh. Well, there you go.

Thank you for presentation. Very well done.

Mr. Don Cha: Thank you, ma'am.

M^{me} France Gélinas: I'll go straight to it. I fully understand that you want the rules to apply to everybody who sells e-cigarettes, whether it be the e-cigarettes or the cartridges themselves. If you had a say, how would like those regulation to roll out?

Mr. Don Cha: As I mentioned earlier in my presentation, I would like to have the same even playing field. If they're open, we should be open. Right now, the bill says that we cannot display from January 1, 2017. So if it goes

to that effect, the vapour shops should not be able to display the products.

M^{me} France G  linas: Okay. You were there when the other person was presenting. How do you know that the cartridges that you sell don't contain nicotine?

Mr. Don Cha: Any manufacturer, if they sell e-products, they have to provide if it does contain nicotine or not. Some contain 1% and it goes up to 10% of nicotine, so it varies, but they have to clarify to us that these products do not contain nicotine.

1500

Last year, we had a trade show. It's a Canadian company who presented that. That product sells in Loblaws all across Ontario, and that product does not contain nicotine. So that's how we verify the products.

M^{me} France G  linas: So right now, none of the convenience stores that are members of your association sell cartridges that contain nicotine?

Mr. Don Cha: Let's put it this way: I do not go to all the stores, but we have a publication that comes out every two weeks. Regarding e-cigarettes, we clarify what the rules are of e-products. There is no regulation in Ontario, as far as I understand, but at the federal level, they did clarify that. So we do not recommend for the members to sell e-cigarettes which contain nicotine. We put it out, every three months, to make sure they have a clear understanding of it. Because a lot of our members do not speak good English, we provide that service to my members.

M^{me} France G  linas: To make sure. Okay. Thank you.

The Chair (Mr. Grant Crack): We shall move to the government: Mr. Fraser?

Mr. John Fraser: Mr. Cha, thank you very much for being here today. I do know that the people that you represent often work very hard, long hours at small family businesses. In the adjustment around the necessary changes to a smoke-free Ontario, I know they were difficult, but I do want to thank your association for the support that you've given in terms of sales to minors. I think it's very critical.

I've heard your comments with regard to the regulations around vaping, which, of course, are separate to why we're here today, and I appreciate those comments.

But I want to come back to the bill. I just want to understand: You do support the bill in terms of designating products that may be harmful to people's health and subject to no-smoking rules, so marijuana or any other substance, going forward from there?

Mr. Don Cha: Yes.

Mr. John Fraser: Okay. Thank you very much. That's all I have.

The Chair (Mr. Grant Crack): Thank you—

Mr. Don Cha: All I'm asking for is an even playing field. If the vaping shops are allowed to display the products, where are the customers going to go? We are selling tobacco already, so if we're not allowed to display it, they shouldn't be able to display it, because all our members' customers are going to go to the vaping shops.

It isn't a fair playing ground. All I'm asking for is a fair playing ground.

Mr. John Fraser: Thank you very much, Mr. Cha.

The Chair (Mr. Grant Crack): Thank you, sir. We'll move to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. It's unfortunate that small businesses such as yours, as you've noted here, are having difficulty making ends meet under this government's high electricity costs, which, it was leaked today, are really going to skyrocket when they pull your natural gas from your business. Increased regulations and red tape will definitely add to the business cost environment.

Was your association consulted at all during the creation of this bill?

Mr. Don Cha: No.

Mr. Jeff Yurek: I guess the question to ask the government is—hopefully, when they draft the regulations to this bill and still Bill 45—that your association is part of those regulations to ensure that it's a fair field for all going forward. The legislation is set in the House, but you've got to get the structure built, and that's when the regulations come forward. Hopefully, this government will start to consult with those that are going to be directly affected by their laws that they're putting forward.

The Chair (Mr. Grant Crack): We thank you, Mr. Cha, for coming before committee this afternoon. It's much appreciated.

Mr. Don Cha: Thank you.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair (Mr. Grant Crack): Next we have, from the Canadian Cancer Society, Ontario division, Mr. Zachary Nichols, who is senior coordinator, public issues.

We welcome you, sir. You have up to 10 minutes.

Mr. Zachary Nichols: Thank you, Chair and members of the committee. It's a privilege to be here.

My name is Zachary Nichols, and I'm here today on behalf of the Canadian Cancer Society, Ontario division. I'd like to express the society's thanks for the expediency in the handling of this bill and that all parties expressed their support during second reading. Likewise, we are hopeful to see this legislation passed in a timely manner.

We welcome the proposed expansion of the definition of what can be regulated under the Smoke-Free Ontario Act. We believe that including other products is a positive step for public health and towards the prevention of cancer.

The intention of this bill, to regulate the smoking of medical marijuana, is an important measure that we believe will be supported by health professionals at large. Smoking any combustible material constitutes health risks, period. As such, we feel that prescribed products that fall under the act should include both herbal and non-herbal shisha that are smoked in water pipes.

There are many misconceptions surrounding the smoking of water pipes. Many users feel that it is less

harmful than cigarette smoking, because the smoke passes through water. But smoking tobacco through water does not filter out cancer-causing chemicals. Moreover, hookah sessions typically last for an hour or more, and are equivalent to smoking many cigarettes.

Hookah lounges are becoming increasingly popular in Ontario, especially among youth. They circumvent the Smoke-Free Ontario Act legislation by claiming that shisha is an herbal mixture, yet tobacco enforcement officers have reported many instances of tobacco in the shisha mix or sold to accompany the mix. This is particularly concerning, as there are no age restrictions at hookah lounges or for hookah smoking.

Second-hand smoke exposure inside hookah lounges is also a concern for patrons and staff. A recent study conducted by the Ontario Tobacco Research Unit measured the air quality in indoor water pipe cafés in Toronto and determined that staff and patrons are exposed to air quality levels considered hazardous to their health.

Perhaps one of the most disturbing trends is the increase in normalization of hookah smoking among Ontario youth: 8.3%—we've heard that number today; that's one in 12—of grades 7 to 12 students across the province report smoking hookah in the past year, according to the Ontario Student Drug Use and Health Survey. This is nearly as high as for cigarettes, which currently stands at 8.6%.

Several municipalities in Ontario and across Canada are taking action and implementing measures to ban indoor water pipe smoking in restaurants, cafés and bars. Jurisdictions in Ontario with indoor bans include Toronto, Barrie, Peterborough, Orillia, Bradford West Gwillimbury and, most recently, Peel. Bans are also currently being proposed in Ottawa.

When the Smoke Free Ontario Act came to be, municipalities were taking action on second-hand smoke. Regarding hookah, municipalities are doing the same. We feel that it is time for the province to follow their example. A patchwork system where municipalities are filling in the gaps is not adequate where public health and cancer are concerned.

You'll notice today that I was supposed to be joined by one of our youth advocacy leads, Rubina Kharel. Unfortunately, she was not able to make it today because she fell ill. But she has spoken out about this issue many times, and is a strong advocate in her community. I'd like to read to you some of her comments that she recently made at a deputation to the Toronto Board of Health:

"Just last week, a young girl I know turned 16. She went out to dinner with her friends to celebrate her birthday. I follow her on Instagram and Facebook, and she posted several pictures of her friends and herself smoking hookah, and the comments below the pictures were equally 'cool' and full of praise from her other friends on how much 'fun' they were having and how they should do it more often. I was taken aback ... by the way that young girls of 15 and 16 were smoking" hookah "so freely, most probably without the knowledge of their parents ... and seemed very proud about it, judging from their comments posted on the pictures.

"But then I realized I should not have been surprised at all, for we all know that hookahs are a giant loophole in the smoking laws in Ontario. But why should we be worried? Water pipes supposedly 'don't contain any tobacco,' are supposedly less harmful than cigarette smoking because the smoke is filtered through water, and herbal shisha is supposedly less harmful than tobacco shisha. They even look pretty exquisite on Facebook pictures.

"The amount of freedom and casual shrugs that hookah smoking receives, especially from young adults, are among the very reasons I support the recommendations on prohibiting the use of hookah in licensed establishments. My grandparents and great-grandparents were addicted hookah smokers, but despite their own habits, they restricted my parents and all of their 14 siblings from ever smoking those water pipes.

"I cannot speak for everyone, but it amazes me that my grandparents had the insight to not let their kids be exposed to the dangers of hookah smoking four decades ago, when my parents were growing up, and it disappoints me that we have not been able to do the same for our residents in Ontario. Yes, culture is valuable, but I am proud to say that my grandparents made the right decision to not pass this particular tradition to their kids and grandkids, because living a long life in good health and spending quality time with family and friends is the only tradition my family needs.

"More and more jurisdictions outside North America, including in Lebanon, Turkey, the United Arab Emirates and a number of Middle Eastern cities, have already banned or severely restricted water pipe use or are currently considering doing so. It is time for Ontario to do the same."

Thank you for your time.

The Chair (Mr. Grant Crack): Thank you very much. Appreciate that. We shall start with Mr. Rinaldi, from the government side.

Mr. Lou Rinaldi: Thank you very much for being here today, and for your presentation and, above that, all the good work that the Canadian Cancer Society, along with all its affiliates, does to protect our lives. It's very, very much appreciated. A good example is your being here today.

I want to get your reaction and comment to the fact that the medical use of marijuana in Canada has grown by leaps and bounds. It's reported that, in September 2015, there were well over 30,000 users. There needs to be some kind of framework to protect other folks because we really don't know, as we heard from the previous presenter, what the outcome of that second-hand smoke and so forth is yet. You commented on how Bill 170 approaches that, but can you also give some insight on how we can make it even better?

1510

Mr. Zachary Nichols: On medical marijuana?

Mr. Lou Rinaldi: On marijuana.

Mr. Zachary Nichols: Our position is that we know that medicinal marijuana is often used to help with the

symptoms of cancer and in cancer treatment. We think this is a serious issue that patients need to discuss with their doctor. We have concerns around second-hand smoke of marijuana. We believe it should be regulated in Ontario the same way as tobacco, and we believe strongly that it should not be accessible to minors. But we also understand that there's a lot of research in this area that still needs to be undertaken.

The Chair (Mr. Grant Crack): Over to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Thanks very much for coming in today and your points on hookah smoking. My question was along the same lines of medical marijuana. I didn't see much talked about here. The dispensaries which allow for them to smoke in the clinics—what's the Canadian Cancer Society's thought on using—

Mr. Zachary Nichols: We do have concerns around the smoking of medical marijuana, but our position is that we believe patients should have access in the form that their doctor prescribes.

Mr. Jeff Yurek: Should medical marijuana be the same as tobacco-smoking laws, which prohibit smoking near parks, out near the fronts of buildings? Should they be outside when they have to have their medical marijuana?

Mr. Zachary Nichols: We do believe that it should be regulated in the same way as tobacco. I believe Michael Perley also reiterated our position on that as well.

Mr. Jeff Yurek: Lisa has a question.

Ms. Lisa M. Thompson: I appreciated the comments you shared from your colleague who was going to be here today. It brings up the concept and question around age testing. Do you feel that hookah shops etc. have trained appropriately to ensure that young people are protected, as is the integrity of the type of testing that, say, convenience stores have achieved to date?

Mr. Zachary Nichols: The issue with hookah shops is currently that they are not regulated under the Smoke-Free Ontario Act because the mixture that's sold is purported not to be tobacco. So they're not subject to the same types of conditions. We believe that hookah shisha should be regulated in the same way as tobacco under the Smoke-Free Ontario Act. Absolutely, this is a concerning trend among youth, and we don't believe that anyone under 19 should have access.

Ms. Lisa M. Thompson: Perfect. Thank you very much.

Mr. Zachary Nichols: You're welcome.

The Chair (Mr. Grant Crack): Ms. Gélinas.

M^{me} France Gélinas: I think you were there when I was asking some of the questions before. Would the cancer society have any problem if the regulations for recreational marijuana come in at a later age, as in 21 or 25?

Mr. Zachary Nichols: I don't have a position to offer you on that. I could absolutely get back to you in writing, but that is something we would definitely look at, should that come into force.

M^{me} France Gélinas: I wouldn't mind if you could get back to the committee, if you have time, as to your position on that.

Mr. Zachary Nichols: Yes.

M^{me} France Gélinas: Can you see any reason why we would not move ahead with regulating shisha and hookah pipes and water pipes? Is there any reason why we're not doing it now, that you know of?

Mr. Zachary Nichols: I don't believe there's any reason why we should not do it. I think it's definitely an option to have it as a prescribed substance should Bill 178 pass.

M^{me} France Gélinas: I know you worked with us and many others on flavoured tobacco. Were you aware that the flavouring is back on with those new flavouring packets that you put in with your cigarillos?

Mr. Zachary Nichols: Yes, I have seen those flavour packets and I would say that it is concerning and it is a product that is designed to target youth. I am not sure what the best avenue to regulate those particular products would be, but that would be something we would definitely be concerned about.

M^{me} France Gélinas: Do you see this as a way to circumvent the law we put forward to ban flavoured tobacco?

Mr. Zachary Nichols: As I said, we would definitely be concerned about these particular products, but I don't know what the best way to regulate them would be.

M^{me} France Gélinas: How important do you rate contraband tobacco in everything that the Smoke-Free Ontario Act should do?

Mr. Zachary Nichols: Contraband tobacco is absolutely of concern. Tobacco is tobacco, period. We do want to see the ability to enforce more, but as I said, tobacco is tobacco, period.

M^{me} France Gélinas: Does the cancer society have an opinion as to where recreational marijuana should be available, as in LCBOs only, in corner stores or in dispensaries?

Mr. Zachary Nichols: We would want to see some kind of licence system in place, but we don't know what that would look like yet.

M^{me} France Gélinas: Okay. And no preference?

Mr. Zachary Nichols: As I said, that's something that we're currently looking at, but we don't know what that would look like yet.

M^{me} France Gélinas: How worried are you that more people will end up smoking tobacco—because once recreational marijuana becomes available, people often cross from tobacco to marijuana or mix the two together. Is this a worry for the cancer society?

Mr. Zachary Nichols: We know that many recreational marijuana users do mix their marijuana with tobacco. We don't want to see any kind of smoking behaviour re-normalized, so that is something we would be concerned about.

M^{me} France Gélinas: You're concerned right now?

Mr. Zachary Nichols: Yes.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Grant Crack): Thank you, Mr. Nichols, for coming before committee this afternoon and sharing your thoughts.

REGISTERED NURSES'
ASSOCIATION OF ONTARIO

The Chair (Mr. Grant Crack): Next, we have from the Registered Nurses' Association of Ontario Andrea Baumann and Cindy Baker-Barill. Hi. We welcome you both. You have up to 10 minutes for your presentation to the committee.

If you'd introduce yourself and position; we have time.

Ms. Andrea Baumann: Thank you. My name is Andrea Baumann. I'm a registered nurse and a nursing policy analyst at the Registered Nurses' Association of Ontario. We're the professional association representing registered nurses, nurse practitioners and nursing students in Ontario.

With me today is Cindy Baker-Barill. She's a public health nurse who works in tobacco control, and she's a past president of the Community Health Nurses' Initiatives Group, an interest group of RNAO.

Our association and its members advocate for healthy public policy and aim to influence decisions that affect nurses and the public we serve. We welcome this opportunity to provide input to the standing committee on Bill 178. RNAO has a long and successful history of leadership that advances evidence-based practices and evidence-based advocacy for healthy public policy, specifically on the issue of tobacco cessation and control.

Nurses are leaders in tobacco prevention and cessation. RNAO supports them in building their capacity to engage in tobacco cessation interventions with clients through our best practice guideline and our multi-pronged, province-wide tobacco and nicotine intervention initiative, including the extremely effective Smoking Cessation Champions Network. You'll see in your packages that there's a sheet about the tobacco and nicotine intervention initiative.

RNAO was a key member of the Tobacco Strategy Advisory Group, which was established in 2009 to advise the government on a five-year plan to follow its Smoke-Free Ontario Strategy. Since that time, RNAO has played a substantive role in provincial initiatives, including the hospital-based tobacco cessation initiative committee, the youth engagement strategy committee and the Ontario Tobacco Research Unit knowledge exchange advisory group.

RNAO's Tobacco and Nicotine Intervention Initiative was launched in 2007 with funding from the Ministry of Health and Long-Term Care. It equips nurses and other health professionals with the knowledge and skills to integrate smoking cessation best practices into their clinical settings. RNAO's best practice guideline, Integrating Smoking Cessation into Daily Nursing Practice, is an evidence-based tool used provincially, nationally and internationally. It's the initiative's foundational

document and an essential resource to support health providers in their tobacco-cessation-related work. This guideline provides practical interventions for nurses and others to help engage and support clients who use tobacco and want to quit.

This initiative also supports organizations to implement best practices in their health care settings with strategies to strengthen and sustain those best practices, including the engagement of nurses and other health professionals, knowledge transfer events, networking opportunities and support from a tobacco cessation coordinator. There are over 4,000 champions in Ontario leading evidenced-based tobacco cessation within their organization. Recent evaluations have demonstrated the impact of RNAO's strategy in nurses' and organizational capacity in smoking cessation and helping clients quit across the province.

It is encouraging that these efforts have helped to decrease smoking rates in Ontario, and yet, people still smoke. Nurses know all too well the cost of tobacco use on our community, our health care system and our young people. Tobacco use remains a significant and completely avoidable cause of illness and death, and an unnecessary burden on tobacco users, non-users and the health system. According to the Ontario Lung Association, 13,000 people in Ontario die annually from tobacco-related causes, and the province spends an estimated \$1.6 billion per year in direct health care system costs caring for tobacco-related illnesses.

1520

In terms of public policy, RNAO supports the regulation of the promotion, sale and use of tobacco and electronic cigarettes as part of an overall control and cessation strategy. RNAO has voiced its support for the Smoke-Free Ontario Act in the past and continues to support the government's efforts to strengthen smoking and vaping laws and regulations in Ontario. Most recently, RNAO was pleased to provide written feedback in response to the ministry's public consultation paper entitled Strengthening Ontario's Smoking and Vaping Laws: Proposed Changes to Regulations Made under the Smoke-Free Ontario Act and Electronic Cigarettes Act, 2015.

Ms. Cindy Baker-Barill: I'm Cindy Baker-Barill and I'm here in my volunteer role today with the RNAO as the past president of the Community Health Nurses' Initiatives Group. I'm just making that clear because I do work in tobacco control as well, so I have a strong background in this area.

The Smoke-Free Ontario Act protects the public by prohibiting smoking in enclosed public spaces and workspaces as well as certain outdoor public places. Currently, however, it only applies to tobacco. RNAO supports the efforts to expand the reach of the SFOA to include medical marijuana. We applaud the Ontario government for proactively taking steps to regulate its use in public spaces to address our concerns around the potential risks of exposure to second-hand marijuana smoke resulting from its combustion.

Medical marijuana may be smoked or may be delivered in an alternate method such as orally. Given that medical marijuana is legal in Canada, RNAO respects it as a clinical option for practitioners and patients to lawfully consider. RNAO supports the rights of individuals who, based on medical need, qualify to use marijuana for medical purposes, according to the federal marijuana for medical purposes regulations.

However, there must be a balance of individual rights, including autonomy and self-determination, with those of collective justice and the protection of the public. Smoking marijuana involves combustion, and there is evidence to suggest that there may be risks associated with exposure to second-hand marijuana smoke. Given that marijuana smoke contains tar and other known carcinogens that are present in tobacco smoke, it stands to reason that it should be regulated similarly to tobacco smoke to ensure public safety. Thus, RNAO agrees with the proposed amendments to section 2 of the SFOA to expand its reach to apply to prescribed products and substances, making the smoking of medical marijuana and other substances subject to the same public safety regulations as the smoking of tobacco.

RNAO is in favour of smoke-free public spaces in order to normalize smoke-free living. When children and youth see adults smoking in a public place, whether it's tobacco or marijuana, it normalizes smoking and may make them more likely to try it. Restricting smoking in public spaces helps reduce the visibility of smoking, which can affect perceptions of smoking among youth by promoting the message that smoking is not the norm and is not acceptable.

The current exemption, however, under section 9 of the SFOA that permits tobacco smoking in designated indoor spaces, such as long-term-care homes and designated hotel rooms, would not apply to medical marijuana under the proposed SFOA changes. RNAO asserts that both tobacco and marijuana smoking should be banned in all indoor public spaces. Thus, RNAO calls for an amendment to the bill to ensure these exemptions are immediately repealed to protect employees and the public from the potential harm of second-hand smoke, whether from tobacco or marijuana.

In summary, RNAO supports efforts to strengthen healthy public policy in Ontario. We applaud the provincial government for its efforts to strengthen smoking laws and we urge you to implement legislative changes with our recommendations incorporated. We believe these evidence-based and pragmatic measures are in the best interests of Ontarians and will continue to advance our shared vision of a healthier Ontario.

Thank you for giving us this opportunity to present our analysis. We look forward to ongoing collaboration on this important issue.

The Chair (Mr. Grant Crack): Thank you very much to the both of you for your presentation. We shall start the line of questions and comments from the government: Ms. Malhi?

Ms. Harinder Malhi: Thank you for coming out to present to us. I was just going to say that you talked a lot

about the use of marijuana and medical marijuana. Do you think we need to increase the scope of this act to include medical marijuana and have the same things apply in terms of the Smoke-Free Ontario Act to tobacco smoking?

Ms. Andrea Baumann: Yes. RNAO's position is that we would like to see the same level of regulation as for tobacco for medical marijuana, given the potential risk to the public. There is some evidence to suggest that second-hand smoke has adverse health effects, and research is ongoing. There is a need for further study, but until such a time where we know that it's safe for those exposed to second-hand smoke, that is our position: that we would like to see it regulated.

Do you have anything to add?

Ms. Cindy Baker-Barill: Yes. Sorry. I wasn't getting her question right away. So I would have said what you said. It needs to be banned in similar places to protect the public and to protect young people from being exposed to other people smoking medical marijuana. There are alternative methods that could be used for public places.

Ms. Harinder Malhi: As far as the research we've seen so far, is second-hand smoke from medical marijuana as harmful as or less harmful than that of tobacco smoke?

Ms. Cindy Baker-Barill: There needs to be more research, which we did hear from the last speaker, but based on the fact that it's a combustible product, it is likely as harmful as cigarette smoke, but we need to see. The research on that hasn't been funded to date at the same level.

Ms. Harinder Malhi: Great. Thank you.

The Chair (Mr. Grant Crack): Thank you very much. We shall move to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming out. Hopefully you had an enjoyable Nursing Week last week, and I look forward to Take Your MPP to Work Day next week during constit week. I think I have two locations I'm going to, so it'll be fun to get out and see that.

You touched a little bit on your nicotine intervention initiative that was formed. I know, last week, RNAO put out this report expanding their goals for the government with regard to nursing care in Ontario. Would the expansion of RN prescribing independently help improve the tobacco initiatives? Explain how that would improve getting people off tobacco.

Ms. Andrea Baumann: Yes, that's a great question. I think one thing that comes immediately to mind with RN prescribing is the ability to prescribe nicotine replacement products. For example, I used to work in primary care and I did some work in smoking cessation, but nurses of course don't have the authority to prescribe. You needed to either have a medical order or a medical directive to prescribe nicotine replacement products. I think definitely with independent RN prescribing, an RN who is trained in smoking cessation, who has the knowledge, skill and judgment to make those decisions to recommend nicotine replacement therapy, is a great ex-

ample of how it could improve access to quitting services in Ontario.

Mr. Jeff Yurek: Good. Also a question that's not covered in here: RNAO's position on contraband tobacco in the province and the battle to deal with that. What are your thoughts as an organization?

Ms. Andrea Baumann: I think that, in general, we'd like to see tighter regulations on contraband tobacco. I don't have a position, but I can get back to you with that information.

Mr. Jeff Yurek: That would be great. Thanks.

The Chair (Mr. Grant Crack): Thank you very much. Ms. Gélinas.

M^{me} France Gélinas: Thank you. You've heard some of the other speakers talk about shisha, hookahs, water pipes, etc. Do you also support that regulations should include those products?

Ms. Cindy Baker-Barill: Using the same logic that we have with medical marijuana, e-cigarettes and cigarettes, it makes the same sense for hookah shisha to be regulated in the same manner.

M^{me} France Gélinas: Do you have a position towards who would be dispensing recreational marijuana? There's a train of thought that it should be in the LCBO. Others think it should be made available in corner stores. Any thoughts?

Ms. Cindy Baker-Barill: What we do know is that there have been some regulations and some dispensing in places like Colorado where they've been doing some research. It would be important to look at what they've learned from those sites to best decide the most appropriate location in Ontario, but it would need to be very well regulated and controlled. So if that would be the LCBO—but I think it would be good to learn from what has happened elsewhere.

M^{me} France Gélinas: Have you got any thoughts about age—making recreational marijuana only available after the age of 21 or after the age of 25 rather than 18?

Ms. Cindy Baker-Barill: We talked about this. The older, the better, because of the brain development in the young adult and the potential effects of marijuana during brain development. So the later ages would make more sense based on that for young people.

1530

M^{me} France Gélinas: Does RNAO agree with the statement that once recreational marijuana becomes available, we may see an increase in the number of smokers because of the cross between the two where people roll with tobacco and marijuana together, or is this not something that you worry about?

Ms. Cindy Baker-Barill: I think, with all of these products, that one can lead to the other. So with marijuana, medical marijuana, legalization of marijuana, e-cigarettes—I recently saw a product in a retailer. It looked like a cigarette and it was a marijuana cigarette, which would be illegal at this point in time, but it looks like a cigarette. So you've got that worry about normalizing that whole smoking tobacco again.

M^{me} France Gélinas: I've also seen that more and more of those slim ladies' cigarettes. Any ideas as to what other legislation would further protect public health when it comes to smoking of all sizes, shapes and substances?

Ms. Andrea Baumann: Well, I would just like to reiterate the one point from our submission today around amending section 9 of the act, to protect the public who might be in these spaces that currently have exemptions. For example, in long-term-care homes, the concern would be about staff and other members of the public who might be exposed to second-hand smoke there. Another example is hotel rooms. I think that's one area where we'd like to see the legislation strengthened.

Ms. Cindy Baker-Barill: And multi-unit dwellings would be really helpful. When you survey people living in multi-unit dwellings, most of them would like to live in a smoke-free housing environment, and there is more and more demand for that. So it would be great if there were legislation to help protect people in their own living environment.

M^{me} France Gélinas: Okay. Thank you.

The Chair (Mr. Grant Crack): All right. Thank you very much, and thank you to both of you for coming before committee this afternoon. We appreciate it.

ONTARIO CONVENIENCE STORES ASSOCIATION

The Chair (Mr. Grant Crack): Next on the agenda we have, from the Ontario Convenience Stores Association, Mr. Dave Bryans, who is the chief executive officer. We welcome you, sir. I think we've seen each other before.

Mr. Dave Bryans: Yes.

The Chair (Mr. Grant Crack): You have up to 10 minutes. Thank you.

Mr. Dave Bryans: Great. Thanks, everyone. Great to be here. As you know, I'm CEO of the Ontario Convenience Stores Association. I do represent over 6,000 members throughout the province, and I'm pleased to have the opportunity today to comment on Bill 178. It's great to see so many familiar faces again at the table.

Before I start, let me remind the committee about the c-store industry in Ontario. Let me just talk to you a bit about it. While made up of small business, we amount to big business from an economic standpoint. The OCSA represents a little over 6,000 convenience stores in the province. We interact with over 2.7 million Ontarians each and every day. We collect \$3.8 billion in tax revenue for the province of Ontario every year, and in 2015, we accounted for \$2.7 billion in lottery revenue for the OLG for the government. We are an \$18.4-billion industry in Ontario, and we support over 65,000 jobs in the province.

Despite these statistics, our industry is struggling. Margins are extremely small, and shrinking under pressure from suppliers and costs associated with accommodating new regulations.

Let me begin my comments on Bill 178 by stating that we are wholly supportive of Bill 178. From the retail perspective, we are pleased to see further restrictions put on where the public is allowed to use vapour products. The reasons we welcome the legislation are twofold: (1) it helps ensure the retail environment in our stores will not be compromised; and (2) it improves workplace safety for our clerks.

As mentioned, our stores service almost three million Ontarians every day. There is a convenience store in virtually every corner of this province. Most people find themselves in a convenience store two to three times a week, and in rural and northern communities it can be much more. They are used as public spaces, and they need to be clean, safe and inviting.

I'm proud to point out that our stores are often part of the social fabric in many communities. They are a place where people congregate, have coffee, talk with their neighbours and pick up snacks and groceries. We are a destination for families and youth. It is imperative to our businesses that we keep our retail environments safe and inviting to our core demographic.

As our sector continues to struggle and compete against big box stores, expanding large grocery outlets and drugstores like Shoppers Drug Mart, we have had to look inward to recognize the qualities of our industry and to better showcase them.

Indeed, our relevance for the community building prospect remains one of our lone competitive advantages that we have in the retail landscape. We feel it is very important to our industry that this association with community be preserved and grown where possible.

One of the potential threats to this would be to allow the use of vaporizers, even for medical needs, in public and in our stores. It is not a stretch to recognize that the c-store environment would be a natural victim of the allowed use of certain products in public places.

In recent months and years, e-cigarettes have increased in popularity. Convenience stores have become a leading destination for Ontarians wanting to purchase and try these new e-cigarettes and vaporizers. This makes sense when you recognize that the majority of Ontarians have always bought their tobacco products from us. Now that many are switching to e-cigarettes, our stores are able to maintain its customer base by providing these alternative products. It is a natural fit, and who better to retail them but the convenience store?

That fact, along with the high traffic and the community meeting place characteristics that many of our stores have or aspire to embody, greatly increases the risk that our operators and clerks would have to face and protect against, should certain vapour products be allowed to be consumed indoors at our shops.

Understanding that this legislation was largely drafted to address the concerns with medicinal marijuana, I'd like to comment on that from a retailer perspective as well.

We recognize that marijuana serves a public health need and welcome the fact that governments are starting

to look at ways to make the product more available to those who can legitimately benefit from it.

That said, we're starting to see more and more medicinal marijuana stores pop up in our communities, and that does cause concern. There are reports that it is becoming increasingly easy to purchase marijuana products at these stores and that the process of even getting a prescription is fairly easy.

While government will need to come up with creative ways to properly regulate the retail aspect as it goes down the legalization path, we welcome the fact that Bill 178 at least ensures that marijuana will not be consumed in our stores, as well as in other public places. As always, the c-store industry is here and available to provide support of any kind in helping this government address the coming challenges.

The proliferation of marijuana shops is coinciding with another market reality that c-stores are becoming concerned with, and that is the increase in specialty e-cigarette stores or, as we know them, vape shops. While I'm optimistic that the government will act soon to rein in the marijuana retail landscape, I'm somewhat concerned and not sure the Ontario government is acting appropriately with respect to e-cigarette retailing.

Convenience stores have capitalized on the growing interest in these new e-cigarette products and continue to dispense them in a very socially responsible way. For example, you cannot test these products in our stores. We do not engage in the illegal selling of nicotine e-juice, and we always check for age.

The objectives of the Ontario government with respect to tobacco and now e-cigarette retailing have always been clear to us, and we are always happy to do our part.

Vape shops are exploiting an enforcement loophole to enter our communities and sell illegal products in a completely unregulated environment. I say "illegal products" because they are. Vape shops openly sell nicotine with their e-cigarettes and e-juices. Nicotine is a banned substance by Health Canada, and I'm told that each of these stores has received cease-and-desist orders from the federal government, yet they continue to openly defy this order in communities across the province.

This leaves our members, who are reliant on a replacement category product for dramatically declining cigarette sales, in another dire situation.

The fact that, through regulation, vape shops will be allowed to continue to divert customers away from our legitimate, law-abiding members is upsetting. I hope that we can build enough support to overturn this decision in time.

It is great to have the opportunity to support Bill 178. We've always seen our industry as a partner with government on a number of key public policy and health issues. In recent years, they have included minimum wage, the Healthy Kids Panel recommendations and all newly introduced tobacco retailing regulations.

We are disappointed that the ministry is exempting vape shops from the same regulations that our stores are

held to, and we have co-operated with this government for years.

In the spirit of Bill 178, which seeks to limit the use of vaporizers in public spaces for the benefit of all, most notably youth, we hope that vape shops and c-stores can operate under the same regulation when it comes to retailing these sensitive items.

I thank you for the opportunity, and I'd be glad to answer any of your questions.

1540

The Chair (Mr. Grant Crack): Thank you very much, Mr. Bryans, for your presentation. We shall start with the government side: Mr. Fraser.

Mr. John Fraser: Thank you very much, Mr. Bryans, for being here today, and thank you for your presentation. I'll just reiterate something I said earlier on to Mr. Cha, that the transition to a smoke-free Ontario was challenging for some retailers, especially small retailers, and we appreciate their support, especially in terms of dispensing tobacco to minors. As I said before, the uptake, or the commitment of the members to take care of that, is evident in my community, as I'm sure it is across Ontario.

I thank you very much for support of this bill. Again, I appreciate your comments in regard to the issue not at the table today, which is regulations, and I understand why those were raised.

But with regard to products, we know that we're talking about medical marijuana here—it's the thing that's most top of mind today—but we did have a discussion about shisha. In your stores, is that a product that you sell?

Mr. Dave Bryans: I'm not aware of—I think they deal directly with the shisha bars, the distributors. We don't hear anything of it until today, and I don't think that even under the public health units, the 36, we've had any issues with shisha.

Mr. John Fraser: Yes. It's an interesting question, because if you take a look at the prevalence, as Mr. Perley brought forward, it is quite high, as a product, and you wonder where everybody's getting it, right?

Mr. Dave Bryans: I can tell you, at least in the convenience stores, if it's there—that's why I don't know, because it's out of sight, out of mind. There's everything that we've agreed under the smoke-free act, and we work with the 36 public health units, to ensure that there's no visibility of any tobacco products in our stores.

Mr. John Fraser: Okay, that's good. That's very helpful. That's really the only question I had for you. I appreciate very much your presentation and your comments with regard to the bill, and your comments outside of that as well too. Thank you very much.

Mr. Dave Bryans: Right. Thank you. I appreciate it.

The Chair (Mr. Grant Crack): Thank you. We'll move to the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Ms. Thompson will have a question in a minute.

Thanks for coming in. My question to you—I went and visited one of my vape stores in St. Thomas, just to view what they do, and was quite taken aback that some-

one—an older lady had come in. Her husband is bed-ridden and couldn't smoke anymore. She didn't want to smoke in the house, but she had bought an electronic cigarette, and the person went through the process of teaching her how to use it and what to watch for. It was quite a long time.

I'm just wondering: Would this same type of service happen at the convenience store level, as compared to what's going on in the vape shops?

Mr. Dave Bryans: I appreciate you pointing that out, because I've been in many vapour shops, and there are some very well-put-together vapour shops in Toronto, and then there are some with hundreds of products from China. The jury will always be out.

We have levels of retailers who could actually handle that, but we haven't entered into it only because we only sell prepackaged single sticks or prepackaged vapour sticks. We do not, at this time, enter into a training session, because a lot of these products, if you look on the Internet, are handmade in the stores, and wind up with wires. The guy made me one.

There are no packaging regulations, product regulations, nothing today in that bill that says we should look at a vapour shop and say, "You know what? Health Canada says they're not supposed to be there; their products aren't supposed to be there; and we should all of a sudden bless them because there's a metal thing that nobody knows how to use yet."

I think that's easily done, if properly managed by the convenience sector, who manages every type of tobacco-issue product.

The Chair (Mr. Grant Crack): Ms. Thompson.

Ms. Lisa M. Thompson: You touched on an answer that I was looking for. Earlier this afternoon, we heard from a deputant that products are coming in from all over the world. You referenced in your deputation that products are illegal, and you cited e-juice as an example. I was wondering if you could clarify that. Are they not subjected to the same disciplines as we see with tobacco products now? And where does Health Canada fit in?

Mr. Dave Bryans: I went to Ottawa and I met with Health Canada—it was a room about this size, with as many people—to talk about e-cigarettes and vapour. I asked them, "Why haven't you gone down the street and charged a store for selling liquid nicotine when you won't approve it?"

They said it's because liquid nicotine must go through the same exercise as any other type of drug in the province of Ontario, and there's not one manufacturer that has come forward and gone through the process.

Most of these products are being made in China. They're fly-by-night outfits. There are some legitimate people that we would buy off of, because we don't buy nicotine. But I'll tell you, there has to be a huge concern when everyone's ignoring that the shop down the street, from a legal, hard-working family, can do anything it wants and everybody's pretending we're going to approve it. No one should be approving something that

hasn't been approved by Health Canada. No government should, is my idea.

Ms. Lisa M. Thompson: Thank you for clarifying.

The Chair (Mr. Grant Crack): Ms. Gélinas.

M^{me} France Gélinas: I think you made your point really well and very clearly. The regulations, first of all, should be applied and, secondly, should be applied to all retailers equally. By levelling the playing field, then we make sure that your members stay in business and we make sure that Ontarians' health is protected. Did I cover you well?

Mr. Dave Bryans: We have to believe that smokers are the majority of people who are morphing to the vapour business or the e-cigarette business. You don't get out of bed tomorrow morning and say, "I think I'll run down and buy a great nicotine vaporizer." You're actually a smoker who's trying and perceives it's healthier; I won't say it's cessation, but it's healthier. If that's the case, then there's nothing wrong with a retailer in Ontario participating.

We have agreed, and I think anyone in this room should agree, that we don't want to go backwards on the Ontario smoke-free act by having two levels of people operating retail stores: One that can have bells, whistles, flashing lights and coloured back bars that we got out of years ago, and we've had that discussion, and another one that manages professionally for this government and the 36 public health units. All I'm saying is that the playing fields have to be equal. If they want to sell vapour products, I'm with them, as long as they follow the same rules as the Ontario Convenience Stores Association and our members.

M^{me} France Gélinas: You and I have had this conversation, but your association has ideas about contraband tobacco. Have you seen any movement forward that would help your members when it comes to contraband?

Mr. Dave Bryans: First off, tobacco is the most contentious product in the world, and add into that contraband, which is the most illegal product in Ontario. We've seen the government make some efforts, and hats off to them for trying.

There is a very complicated aboriginal issue, as we know, so we don't want to attack the aboriginal community. We want to work with all parties to figure out how we correct this illegal delivery to our communities. I don't care what happens on reserves, but you can be sure that if we can't correct contraband tobacco, soon there will be production of e-cigarettes, vapour products and marijuana products on reserves, delivered by white vans to every community. I think we all have to work together.

One of the areas I've always harped on, and you understand it better than most, is: Let's make it illegal—I said it to the minister the other day—for anyone under 19 to possess, consume or purchase any type of tobacco product, like our liquor laws. If we'd started seven years ago when I said this, today there wouldn't be one young person standing beside a high school snapping on a cigarette, but it's still going on and we're closing our eyes to it. If we're going to protect youth, let's work together and get serious about it for all of these products.

M^{me} France Gélinas: My last is, do you know if any of your stores have started to sell those flavouring cards to put into cigarillos so that it goes around the ban on flavoured tobacco?

Mr. Dave Bryans: That's interesting, because I heard another speaker speak today. I have never even heard of that till I walked in here today and I caught the tail end. This is quite a surprise to me, and it's probably some area that should be regulated by public health units and I hope our members—but you know, the smaller the retailer, the easier the influence. We would work with government to ensure that that doesn't happen. We're not here to circumvent the law. We're here to work with you, all of the parties and the public health units to make sure that, as we've done in the past, we manage this most contentious product as professionally as possible for this government.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Bryans, for coming before committee this afternoon; much appreciated.

Mr. Dave Bryans: Appreciate it.

The Chair (Mr. Grant Crack): Good. We are half an hour ahead of schedule.

Is Mr. Dorsk here, by chance? Darrell Dorsk? I don't believe so. Matt Mernagh: Is he here? He is not. Is Mr. Cunningham from the Canadian Cancer Society, National Office, here? I believe not.

I would suspect it would be a good time to take a few minutes' recess and hopefully one of the other presenters will show up.

Ms. Lisa M. Thompson: Fifteen?

The Chair (Mr. Grant Crack): Ten minutes.

The committee recessed from 1549 to 1606.

The Chair (Mr. Grant Crack): I'll call the meeting back to order. I hope everyone enjoyed their 17 minutes.

MR. DARRELL DORSK

The Chair (Mr. Grant Crack): Our next presenter—we're almost 15 minutes ahead, but we have Mr. Darrell Dorsk with us.

Mr. Dorsk, we welcome you to committee. Please take a seat. You have up to 10 minutes to make your presentation, followed by three minutes of questioning from each of the parties.

Welcome, sir. The floor is yours.

Mr. Darrell Dorsk: Thank you for allowing me to speak. I want to thank Trish Sarnicki for inviting me here today. I only became aware of Bill 178 about two weeks ago, and I was very excited to learn of the probability of this becoming the law of the land. I called the Legislature to find out when it might pass—hopefully before the summer recess—and Trish invited me to make a brief address, so thank you so much.

The reason I'm interested in this bill so much is from my own personal experience. I started to purchase a mixed-use building at Bloor Street and Delaware Avenue in the fall of 2014, where I will move my small shop sometime at the end of this year or the beginning of 2017.

after working on Markham Street in Mirvish Village since the late 1970s. All that property has been sold for redevelopment. That's why I started to purchase this building.

There's a store, and then there are two floors above it with two apartments on each floor above. So it's zoned mixed-use commercial and residential. I've been renting the store space out as soon as I bought it to tenants to help pay the mortgage, and then I will be moving in there when I have to leave Markham Street.

In November 2015, I rented the store space for the purpose of having a marijuana medical dispensary there. When I met the tenants, the first thing I said, within five minutes of meeting them, was, "You cannot have a grow-op in the basement and you cannot smoke marijuana in the store and have the tenants upstairs complaining."

I didn't feel any moral qualms myself about having a medical dispensary there, but I think that smoking is a public health issue. I was so happy when the Smoke-Free Ontario Act came into effect against smoking tobacco because at my store on Markham Street, I don't have air conditioning, and I keep the doors and windows open when the weather gets warm. There's restaurants right next door. People would be smoking and it would be drifting in, and as a former cigarette smoker, it just irritated me to no end that I couldn't get these people to stop. Bill 178 would address the problem.

I've asked these people repeatedly. They said, "We're going to have these air scrubbers that are going to eliminate any odours." They've put these ventilating machines in with activated charcoal, but it's not exhausting any fumes out of the building; it's attempting to scrub tens of thousands of cubic feet of air with these air scrubbers, and it's not working.

I have a great tenant in the apartment above who has been plagued by the smoke ever since they've moved in. They just won't listen to reason. The irony is they call themselves—the acronym is the CARE Center, standing for Cannabis Access Resource and Education, but as my wife pointed out, I don't think they really care at all. They just won't stop smoking. I've told them, I hope they succeed in their business, but as they grow their business, they're allowing more and more people to smoke in there, and it's driving me crazy. So I'm really hoping that Bill 178 comes through third reading and is voted upon and becomes the law of the land before the recess.

I don't think I'm going to go 10 minutes. My own personal experience has been that people are smoking inside of a shop, and I don't think it should be allowed. I think it's a public health issue that, hopefully, will be addressed by the Legislature and become the law of the land, and that people will be forced to quit smoking anywhere inside buildings where people go in to do their business or whatever.

The tenant on the second floor is a very smart fellow. He's tried to engage the Toronto police department, and because the legislation regarding cannabis is so up in the air, the police haven't intervened. On his behalf, I phoned the city of Toronto Public Health department and ex-

plained the situation. I said there's a smoke problem, and they said, "What kind of smoke?" I said cannabis smoke, and he said, "Oh, I don't know if we can do anything. It's all up in the air. I think I can give you someone who can help."

He switched me over, the phone started to ring and the next fellow came on the line. I said, "Who are you?" He said, "I'm from the province of Ontario's Ministry of Health." I said, "I hope you can help." I explained the situation and he said, "Oh, it's all up in the air. I don't know if I can help you, but I think I can connect you with somebody who can help." The phone rings again, and lo and behold, I'm hooked back up to the city of Toronto Public Health department. Get it? Going in circles—nowhere, right?

I didn't feel there was a moral qualm to allow somebody to dispense cannabis, but I find the smoking to be—it should be banned in public spaces, just as tobacco is. It's a public health issue and I strongly feel that passing Bill 178 is the right thing to do, and I'm really hoping it happens before the summer recess. I just want to thank you for listening to my point of view, and I hope that Bill 178 becomes law soon. That's brief, but that's why I came in today and I'm glad I was allowed to do so.

The Chair (Mr. Grant Crack): Thank you. You have up to 10 minutes. That's perfectly fine if you don't use all 10. We'll start the line of questioning with the official opposition: Mr. Yurek.

Mr. Jeff Yurek: Thanks very much for coming in and thanks for discussing for discussing your situation. They're smoking marijuana in the shop? Is that what's going on?

Mr. Darrell Dorsk: That's what they're doing. They're inviting people—they are trying to be legitimate in that they're demanding a prescription from a physician that they then check up on, and then once they've proved that a physician has allowed the person to purchase, they will sell it to them and allow, if not encourage, people to sit and relax in there. The contradiction is, the more they succeed in growing their customer base, the worse the smoking problem becomes.

Mr. Jeff Yurek: Do they vape? Is it vaping?

Mr. Darrell Dorsk: There is some vaping. Yes, there are vaporizers in there, but they're also—sometimes I'll pass by on my way home. I live about a three-minute bike ride from this building and I'll see people. I can see smoke being burned, but yes, there is vaping going on as well. But it's not exclusively vaping.

Mr. Jeff Yurek: Okay. Obviously, you're not going to get satisfaction until rules and regulations are finally decided upon federally, but if you're talking about maybe switching to a vape-only location, that's supposed to decrease the smoke or not even have any smoke under vaping.

Mr. Darrell Dorsk: I said, "You know, guys, I'm trying to be fair, but when I met you at the real estate office, I said you can't smoke if the tenants are being bothered." They have this sense of entitlement, "I'm a patient. I have this disability. I'm allowed to smoke

anywhere.” I said, “Does this mean you can go to No Frills and push a shopping cart around while you’re buying vegetables and smoke reefers?” They said, “No, no, no. It means that if the business owner who is”—I was speaking to the son of the family. “If the business owner, who happens to be my mother, says it’s okay, then it’s perfectly legal.”

I’m going, “I’m the owner of the building and it’s not okay with me. Like, how long do you think you’re going to be here?” They were asking for a two-year lease. Because I intend to move there myself, I said, “I can’t give you a two-year lease.” I could perhaps extend it a few months more than a year, but the way things are going now, I’ve no desire to let them stay any longer than the one-year lease. I think I’m on the cusp of losing this tenant on the second floor, and he’s a great guy. I really like him. I want him to stay, but he just can’t enjoy his own premises.

Mr. Jeff Yurek: I think the committee work will finish here in two weeks, and then we have one week before we break for summer recess. So it’s in government hands. You’ll get them in a few minutes to ask questions, but they will decide if we debate third reading in the last week or not.

Mr. Darrell Dorsk: It has gone through second reading, and once it’s finished third reading, it’s then voted upon, and if it passes—

Mr. Jeff Yurek: We’ll have one more vote after third reading, which is not as long as debate, and then—

Mr. Lou Rinaldi: After second reading.

Mr. Jeff Yurek: We’re talking third reading. We’ve already done second reading. After committee, it goes to third reading. We’ll debate it, it’ll be voted on, then it goes to the Lieutenant Governor for royal assent and the regulations will be put into effect.

Mr. Darrell Dorsk: Is there a delay between royal assent by the Lieutenant Governor and it becoming law, or is it—

Interjection.

Mr. Darrell Dorsk: It may or may not become law immediately.

Interjections.

The Chair (Mr. Grant Crack): Thank you very much. Madame Gélinas.

M^{me} France Gélinas: I don’t like to give people false hope. The chance that we pass a bill that will help you faster than your tenant’s length of patience is slim. Just so that you know: Nothing happens fast here.

This being said, if the law was to be passed so they’re not allowed to smoke on the premises that you rent to them, do you think that then they would smoke on the sidewalk right in front of the door?

Mr. Darrell Dorsk: This building is located right at Bloor and Delaware. These are 100-year-old buildings on old Bloor Street. There’s a short, dead-end laneway behind the building. It’s a side street to Delaware Avenue. I’d rather they were doing it outside, obviously. I’d rather they weren’t doing it on Bloor Street. There’s a deck on the second floor that would be accessible from

the laneway going up, but it’s just—I don’t think they’re being reasonable. I’m trying to be accommodating, but I think this is wrong, what they’re doing. That’s why I mentioned it before I rented to them. I said, “These are the only real parameters I have: You can’t grow marijuana there, and you can’t smoke there.”

I would rather that they just dispense and the people leave and go away. They feel that some of their clients—on the block between Delaware and Dovercourt, there’s a social place called Sistering. There are a lot of women who may or may not be homeless, and they’re there a lot. They’re saying, “Oh, some of these women are from Sistering, and if we didn’t allow them to sit here and consume, they might be on the street or in the park.” I’m going, “Let them go in the street or the park.”

The contents of the smoke might differ from nicotine and tobacco, but I’ll bet you that there’s lots of carbon monoxide in marijuana smoke. I know that binds to hemoglobin and makes it useless for oxygen transport. It’s not healthy. Maybe in 10 years nobody is going to smoke anything and everybody is just going to be consuming cookies or something.

That’s why I came here, and I really appreciate you letting me have my say.

M^{me} France Gélinas: Yes. I would say that the only thing I can say to help you is that you can look at their supply. Lots of those lounges don’t buy their supplies from legal; they buy from illegal sources, and if they buy from illegal sources, then the police will get involved. That’s about the only time that the police get involved.

Mr. Darrell Dorsk: It has been on the radio a lot. CBC is giving it a lot of coverage. People will just lie. All these different dispensaries are saying—I have not done so, but I’m thinking I should call every one of these places or just stop at every one of them and ask, “Do you let people burn cannabis in here or not?”

M^{me} France Gélinas: More and more of them do. They take advantage of the grey zone and, frankly, they take advantage of us not enforcing our own law.

Mr. Darrell Dorsk: When I got the building—there are two bachelor apartments and two one-bedroom apartments. So far, since I’ve got the mortgage on the place, I’ve managed to renovate two of the units and get the rent up. They’re beautiful. They’re brand new, really lovely apartments. You walk out the front door and you’re about 30 seconds from the Delaware Avenue entrance to the Ossington subway. It’s a really great neighbourhood. It’s lively. Dufferin Grove Park is nearby, and the Bloor/Gladstone library. It’s a great block. I need the revenue generated from the rent of the store to help pay the mortgage, and if I kick them out now, I’ll be hard pressed to find somebody to rent it for less than a year. I can’t wait for Bill 178 to become law.

1620

M^{me} France Gélinas: We hear you. You want us to do our work. We’ll try to help you and do our work as fast as we can.

Mr. Darrell Dorsk: I appreciate it.

The Chair (Mr. Grant Crack): Thank you very much; appreciate that. We'll move to the government side: Mr. Fraser.

Mr. John Fraser: Mr. Dorsk, thank you very much for being here today and taking the time to come and express your frustration, which is obvious. I think you've been more than fair and reasonable with the people who are your tenants. We will work hard to get this done as quickly as we can.

You've got about a year left on the lease?

Mr. Darrell Dorsk: No. They took a lease that started in December of 2015, so the one-year lease would expire at the end of November. If they continue to allow people to smoke there, I'm definitely not going to renew the lease.

I was hoping to stay on Markham Street until I have to go. This Westbank development might be delayed. It might go to the OMB.

Mr. John Fraser: Just in terms of timing: that timing is not necessarily one that—there's a potential for the bill to be passed and be enacted in a way that would help you in your situation, not next week or—

Mr. Darrell Dorsk: Before the recess.

Mr. John Fraser: No, there'll be a process after recess. You have to have it sent and then the designation—

Mr. Darrell Dorsk: So in the fall. September, maybe.

Mr. John Fraser: Yes. Then the regulation that would have to come forward from that.

I just want to thank you for taking the time to come down here, because it's good to have individual citizens coming to us with their specific problems. We often hear from large organizations, which is really important because they represent large numbers of people, but we don't always hear what happens on the ground in terms of the kind of hardship that the lack of regulation in this area has caused, for you in particular. I just want to thank you for being here.

Mr. Darrell Dorsk: Thank you for allowing me the opportunity. I really appreciate it.

The Chair (Mr. Grant Crack): Thank you, Mr. Dorsk, for coming before committee this afternoon. Much appreciated.

Mr. Darrell Dorsk: Thank you so much. Bye-bye.

CANADIAN CANCER SOCIETY,
NATIONAL OFFICE

The Chair (Mr. Grant Crack): Next we have, from the Canadian Cancer Society, National Office, Mr. Rob Cunningham, senior policy analyst. Welcome, sir, and thanks for your patience. You are here early. We took a little recess because we were way ahead of schedule, but it's good to have you here. Welcome. You have up to 10 minutes.

Mr. Rob Cunningham: Thank you, Chair and members of the committee, for the opportunity to testify with respect to Bill 178. We support the bill and we acknowledge and commend all parties for supporting Bill 178 at

second reading. It continues a trend that we're finding in other provinces and municipalities in Canada.

Our recommendation for years has been to ban the smoking of not just tobacco but ban smoking of anything wherever smoking is banned. This bill gives regulatory authority to do that. The government for the moment is intending to apply it to medical marijuana, but it could apply to anything. You've heard already witnesses with respect to herbal water pipe smoking; we support that.

In some other provinces, they've already done it fully. In Nova Scotia, you can't smoke anything wherever smoking is banned—herbal cigarettes, water pipes, marijuana, anything. You've heard with respect to municipalities in Ontario that have dealt with hookah, in terms of Toronto, Barrie, Orillia, Peterborough and Peel region.

The city of Ottawa Board of Health is going to come back at its June meeting to deal with this issue, once the Ontario regulations that are being considered in this bill have been dealt with. They're waiting for that.

Vancouver has had a provision to ban smoking of anything since 2009 in place. Other BC municipalities have done so.

Hookah has been banned provincially in terms of recent bills adopted in 2015 in Prince Edward Island and in New Brunswick.

Quebec for many years has had its ban on smoking apply to anything. There are a few little wrinkles that will be dealt with in the months ahead.

Ontario, in effect, is catching up with respect to other provinces.

Like other witnesses, we are very concerned by the rise in hookah smoking by youth. Michael Perley from the Ontario Campaign for Action on Tobacco gave some data from a particular survey. Let me give you another survey: the Youth Smoking Survey, Canada-wide. The most recent survey, for 2012-13, follows a trend: that high school students are increasing use.

If we look at the surveys from 2006 to 2011 to 2013, "Ever try water pipe smoking?" among grade 12 students has increased from 11% to 12% to 22%. If we look at past use in the last 30 days, it's increasing 5% to 6% to 7% in that same time period.

So while smoking is otherwise in decline among youth, it's not the case for water pipe smoking. Because it contains nicotine, you can get addicted because it's heavily flavoured. It's youth of all heritages, in terms of their personal backgrounds, who are consuming this. It's very much a youth issue.

From studies that have been done in Ontario and Alberta, we know that second-hand smoke from so-called herbal shisha—that doesn't contain tobacco—contains pretty much the same harmful substances, almost all the same ones you would find in tobacco smoke. That's why there's a need for action. That's why municipalities and now the provinces are taking action. That's why having regulatory authority for the Ontario government to take action is very important.

Similarly, basically the smoking of anything is going to emit toxic and cancer-causing substances.

There were some questions with respect to contraband. Let me agree that higher tobacco taxes are a key strategy to reduce smoking. We need to curb contraband. I'll just show you this graph: Ontario and Quebec have among the lowest tobacco taxes in Canada. They're far higher in the west and there's very little contraband. So there are remedies that are available that Ontario could do with respect to that as part of an overall strategy. We acknowledge, with appreciation, the \$3-a-carton increase in the recent budget of the Ontario government.

There are some contraband measures that are being put in place, and we support those. We need a comprehensive strategy that includes taxation, legislation and programming. This bill deals with part of the legislative component. We support it and look forward to any questions you may have.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate that. We shall start with the third party: Ms. Gélinas.

M^{me} France Gélinas: All right, I have a series of questions that I'd like to ask you. The first one is that you make it clear that you would like the bill to cover all substances—shisha, hookah pipe, water pipe, etc.—and treat them all the same. Would you be in favour, specifically for marijuana, of increasing the age for recreational at 21 or 25, or would you be opposed?

Mr. Rob Cunningham: We've not taken a position on that, so we wouldn't be opposed. On the tobacco front, there is an increasing trend in the United States to increase the age to 21 for tobacco. California and the state of Hawaii have done so. There are more than 140 municipalities that have done so, including Boston, New York City, Chicago, San Francisco and others.

There is a report by the Institute of Medicine published last year that said, for tobacco, that increasing the age to 21 would have a substantial reduction in youth smoking. That's something we're monitoring very closely.

M^{me} France Gélinas: Now that recreational marijuana will be available, are you afraid of the cross between people who often roll with tobacco, which means that ex-smokers start to smoke again, and the rate of smoking may go up because of that?

Mr. Rob Cunningham: We don't have a position on the legalization of marijuana. It's fairly new in US states. It's essential that there be research and surveillance to monitor what's going and that there be responsiveness. I know that concern has been raised, but we don't have a specific answer with respect to the evidence on that.

M^{me} France Gélinas: Coming back to tobacco, I take it that you would have seen the new flavouring packets that you put into cigarillos? Any advice for us, while the smoke-free Ontario bill is open, so that we deal with this new product?

Mr. Rob Cunningham: It should be able to be prohibited by regulation. Quebec has clear regulatory authority to do so in their tobacco legislation. It would be really good that any of these new products intended to be used with tobacco products as an accessory, and that are

flavoured, should be banned in the same way that cigarette papers, as an accessory, should be banned. There's an opportunity for legislative remedy. We support that.

M^{me} France Gélinas: I don't know if you've taken a position regarding dispensing, specifically for marijuana. Right now, it's either going to go into the LCBO or be available also in corner stores or dispensaries. Have you taken a position on that?

Mr. Rob Cunningham: We've not taken a position on that, but with respect to tobacco, we can learn. Our position is that we need to reduce the number of tobacco retail outlets. The ultimate objective and desirability would be to have tobacco-only stores, the way that many provinces have had for liquor. You don't want a consumer, an ex-smoker, when they're going to buy newspapers or milk or pop, to have this opportunity, because of their cravings, to buy tobacco products.

1630

We have a problem in that roughly one out of six convenience stores is breaking the law and selling tobacco to minors. The current system has not been successful in preventing kids from buying cigarettes in stores. We have made progress in the sense of banning vending machines, banning tobacco sales in pharmacies and banning tobacco sales on university and college campuses.

Most parts of Ontario can sell tobacco without any licence fee—that's a problem—although the city of Ottawa has an \$804 municipal licence fee. That revenue can be used for enforcement. We have way more tobacco stores than should be the case and than are warranted. I think that experience can inform other products.

It's very interesting that the number of specialty vape stores is far fewer than the number of tobacco retailers. The way the market has evolved, in terms of those specialty stores, is very different.

M^{me} France Gélinas: I agree with everything you say. You were not there when we had quite a few convenience stores come and talk to us who want the same regulations for e-cigarettes for them as for the vaping stores. Do you have a position on that?

Mr. Rob Cunningham: We would be strongly opposed to allowing the display of e-cigarettes in convenience stores. Kids should not be exposed to this type of promotion.

However, we recognize the potential in terms of the evolving research with respect to cessation and e-cigarettes.

If they're in specialty stores, consumers can have access to them. They can go to them. They can see the products on display. They can view them individually. But the recommended regulations to apply to these stores are that kids should not be able to go in, the display should not be visible from outside the store, and the store should not sell any product other than e-cigarettes and related products, so no pop or chips or alcohol or lottery tickets or tobacco. That's the approach that Quebec and Nova Scotia have taken. They've implemented that and are implementing that.

The proposed regulation for Ontario doesn't go far enough, because they could still sell alcohol and lottery

tickets. That doesn't make any sense. But should they be promoted in convenience stores? No, they should not.

M^{me} France Gélinas: Thank you very much.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. We'll move to the government: Mr. Rinaldi.

Mr. Lou Rinaldi: Thank you, Mr. Cunningham, for being here today and, besides being here for Bill 178, thank you for all the hard work that the Canadian Cancer Society does and has done and will continue to do. Obviously, from your presentation, your passion shows. Hopefully, we'll be in a better place so that my grandkids and great-grandkids will be able to enjoy where we live.

Just quickly, Bill 178 is really an act to amend the Smoke-Free Ontario Act to allow the minister of the day to quickly, as we get involved in new products—we don't know what they're going to be; a year ago, some of this stuff wasn't there—so we don't have to go through legislative changes for every product. I gather that your organization is supportive of that, but can you elaborate a little bit more on if this is the right approach, to be able to have access to those regulatory changes quicker than we are doing right now? It's mostly dealing with marijuana, frankly.

Mr. Rob Cunningham: Sure. I think it's an importance advance to give the Ontario government the regulatory authority to act. It looks like there may be a need to act soon. The federal government has announced that they intend to bring a bill forward in the spring of 2017 to legalize marijuana. We don't know what the implementation date will be, but we certainly would not want marijuana to be smoked in public places and workplaces where smoking is banned. Right now, you wouldn't want someone beside you in a movie theatre or in a restaurant to be smoking a marijuana cigarette. In the absence of action which this bill contemplates, giving the regulatory authority, there wouldn't be a provision to provide that certainty in terms of illegality, once there's federal legislation that's changed. We support the bill.

Mr. Lou Rinaldi: Thank you.

The Chair (Mr. Grant Crack): Mr. Yurek, from the official opposition.

Mr. Jeff Yurek: Thanks for coming in today. You weren't here for the earlier deputations with regard to electronic cigarette stores and such. Is there a role for getting electronic cigarettes more utilized in the system to help people break off the habit?

Mr. Rob Cunningham: There's research in this area that's ongoing. We've recognized the potential that they may have for cessation. At the same time, it's a product that needs regulation. Even if they're very effective, the regulatory measures that we've seen adopted by the Ontario Legislative Assembly make sense: no selling to kids, no using in workplaces and public places where smoking is banned, and controls on promotion including, for example, no displays in convenience stores. Those all make sense, even with a high level of effectiveness. And we'll know more as research goes along. But we certainly don't want kids using them, and there's no proposal to ban e-cigarettes, for example.

Mr. Jeff Yurek: You made some comments about contraband and advocating higher taxes. What about more enforcement on getting them off the streets? I mean, one of my colleagues has a bill to try to stop the selling of contraband at schools. What are your thoughts on the other aspects of contraband?

Mr. Rob Cunningham: I think there's a series of potential remedies that could be adopted, and Ontario has proposed some new regulations on raw leaf tobacco that we support. Another potential remedy would be to have a refund system for products shipped for intended tax-exempt sale to reserves. Six other provinces have this, but Ontario does not. Ontario currently has it for gasoline but not for tobacco. When gasoline is shipped to a reserve, it has Ontario taxes included, so there's no cheap gasoline for a non-native person to purchase. That isn't the case for tobacco. So if you send it to a reserve fully priced, including taxes, you don't have that opportunity for diversion that you currently have.

We need a series of remedies. The Ontario government has brought forward a series of positive measures, but there's more that can be done. Because Ontario has such low taxes compared to western Canada, there's an opportunity to improve public revenue and to include public health. And apart from the raw leaf tobacco regulation, there have been some recent bills that have had additional contraband prevention measures that we support.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Cunningham, for coming before committee this afternoon. We appreciate it.

Mr. Rob Cunningham: Thank you.

MR. MATT MERNAGH

The Chair (Mr. Grant Crack): Next on the agenda, and our last delegation the afternoon, is Mr. Matt Mernagh. I hopefully pronounced that correctly.

Mr. Matt Mernagh: You did an excellent job, sir. Thank you.

The Chair (Mr. Grant Crack): Thank you. It's great to have you here this afternoon. You have up to 10 minutes for your presentation, followed by three minutes of questioning from each of the three parties. The floor is yours. Welcome.

Mr. Matt Mernagh: Thank you from letting me appear before your committee again. We were here on April 21, 2015, talking about medical cannabis vaporization. Thank you for providing a very narrow exemption for medical cannabis based on the owner's discretion—not the government's—at least for one day.

I inhale medical cannabis, via vapour almost exclusively, to make my life a little better from a painful brain tumour known as a schwannoma. I have fibromyalgia. It's hard for me to admit, but I recognize I'm a disabled Ontarian. The Ontario government has provided me with income supports via ODSP for 14 years. During this time I like to think you, the Ontario government, was paying

me to tell the federal government what they were doing wrong with their cannabis laws. I received a special Ontario legal aid grant to constitutionally challenge those federal laws. Those federal cannabis laws, which I had a huge hand in agitating for change on, are about to change federally and, if I understand Premier Kathleen Wynne's media statements, will include provincially run pot shops.

My income has always been precarious because of my disability. Thankfully, ODSP was there for fibromyalgia flare-ups or seizure recovery. This has all changed, and very recently, too: I no longer receive ODSP income. On February 1, 2016, I began my first full-time corporate job since 2001. A career is something we take for granted. The only way I have a career is via medical cannabis via vaporization in the workplace, and being employed by a business that understands I am disabled. Working 35 hours is a huge adjustment for me. It's going to take a year or more for me to get used to it. Even having the money I make now is a big adjustment.

My cannabis marketing skills, as you are aware, are in huge demand these days. I'm not in the office every day, but I realized that when I'm not there, I miss working with people face-to-face and I miss marketing in a corporate environment. My work colleagues understand I medicate with medical cannabis, and my day becomes more productive.

Please note: My employee/workplace agreement is confidential and I'm here as me, Matt Mernagh, a newly employed guy. I can say it takes into account my disability and how when I'm there I may medicate with medical cannabis in the workplace. It's an excellent example of using the AODA, the Accessibility for Ontarians with Disabilities Act, to accommodate someone while ensuring the safety of my fellow employees and, most importantly, my employer.

1640

Unfortunately, there's no requirement on this government, as there is for Ontario businesses, to examine legislation against the AODA. The committee can simply ignore the Ontario disability act, but the corporate world cannot. After all, an analysis of this bill against the AODA might make it a thorny, sticky issue. However, I think whether a person may medicate with cannabis in the workplace, a restaurant or a venue should be up to the owner, with no consequences for refusing or allowing.

Are we really afraid that disabled Ontarians are going to return to corporate work in such droves because of the powers of medical cannabis that we need to prevent them from doing so? Are you forcing people who use medical cannabis to remain in the underground workplace?

This legislation is more akin to Harper conservatism than anything I would expect from Premier Kathleen Wynne's Liberals. Is this bill simply because the associate minister, the Honourable Dipika Damerla, was caught in the media glare in a scrum providing a quote worthy of national and international media attention? Certainly, on April 21, when I was here, there was no strong urge to deal with medical cannabis. It was even a positive experience.

After the legislation was passed, quiet regulation governing medical cannabis use was brought in. You made a wonderful move. You did the left, progressive thing.

The media response was not so wonderful. You would think that the Liberal government was caught sneaking off with the treasury with the way it was reported. I've been a Google News blip. I've been caught in the eye of a media storm on many, many occasions, and I felt bad for this deputy minister. We were dealing with medical cannabis, and you'd think this MPP was caught in the worst public scandal ever.

On a trade mission, Canadian media asked the Premier about medical cannabis. MPP Damerla is not a crack-smoking mayor but an associate minister who did the left, progressive thing. It wasn't fair of Canadian media to throw her under the bus. That is why I think we are here today. The associate minister wasn't prepared on the subject like I am. She wasn't prepared with this legislation either. In December, the associate minister was doing the progressive thing and was never given an opportunity, like I was, to craft a message—because we all know political messaging is important in a media scrum.

She should have called. Getting marijuana-positive media attention has been my forte for over a decade. I'm a best-selling Canadian author of the *Marijuana Smoker's Guidebook*, published by Green Candy Press, and it has sold 7,000 copies. Not many Canadian authors have this many sales, and I look forward to using these sales figures for non-cannabis books. Being an author is awesome, but it doesn't pay the bills, so I'm often left on ODSP.

Committee members, I don't have a criminal record. I've been charged with every cannabis crime this federal government has ever had. It's crazy, but somehow, I keep getting caught up in these silly cannabis laws and winning—I have never lost—and then use it against the government to push for cannabis reform. Laws like this one are the ones that I keep getting caught up in. This is not a liberal law. I just want to be properly included and have my knowledge respected. Maybe the Premier could give me a call and we could chat.

Committee members, if we work together, we can accomplish greatness when it comes to medical cannabis. We can't let fear-mongers and more with no studies to back their "sky is falling" claims to continue to dictate government policy. Cannabis has been poorly researched. There's no credible evidence between cannabis and lung damage—none. Any study on the subject of cannabis is tainted by prohibition. After all, you, the Ontario government, are holding back a study from 1972 which involved actual cannabis use in a 98-day sequestered environment. The province paid 20 young women to inhale, or not, for 98 days and never released the results—a double-blind cannabis study. If you want to start discussing cannabis research, you can discuss it with me starting right there.

How many members of this committee are aware that this government has been hiding a 1972 study on cannabis involving these 20 women? We don't know

about this study—I do—but somehow, we all know cannabis is bad for our lungs? This I can prove. I have the healthy lungs of a non-smoker.

There's no strong scientific evidence to support or prove your legislation with regard to cannabis.

The Harper government passed legislation with no science basis to it and the Wynne government thinks this is a good course of action, and it's just shameful.

My suggestion this time is to let this bill die on the order paper. Let's create a task force with a mandate to examine all aspects of provincial cannabis law reform and where federal reform will impact our province.

I've been asking this province to create the cannabis control board of Ontario since 2005. I have the Toronto Sun newspaper clip to prove it. I don't want to fight this government anymore. I want to help this government.

Let's build an Ontario prepared to move on federal reform on cannabis in a socially and profitable manner. Let's create some sensible regulations together, and start by just letting this bill die. Thank you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Mernagh. Appreciate the comments. We'll start with the official opposition. Mr. Yurek.

Mr. Jeff Yurek: Thanks very much for coming in and thanks for your comments today. I guess the only question I really have is with regard to vaping of medical marijuana. The gentleman who was in previously—in his business, they were smoking it and not vaping. Would you think vaping is a better route to go with regard to medical marijuana?

Mr. Matt Mernagh: In the workplace, for sure. I have numerous blog posts on understanding medical cannabis and vaporization for medical patients. I think vaporization is the way to go. I think vaporization saves about 50% of their medical marijuana that they purchase, because they can go further with medical marijuana. I think having the proper temperatures for medical marijuana helps them. I think it cuts down on smell, it cuts down on side stream, if you blow it up into a bag. Everything about medical marijuana vaporization I would fully support, especially in places like the workplace.

Mr. Jeff Yurek: Okay. Thank you.

The Chair (Mr. Grant Crack): Ms. Gélinas?

M^{me} France Gélinas: I don't want to force you to share personal things that you don't feel comfortable, but you did pique my interest when you said that your employer has accommodated your disability. Could you explain to me how this is done?

Mr. Matt Mernagh: Yes, ma'am. My employer is aware that I am here. My employer has accommodated me through my employee agreement. It is confidential, but I can assure you that it does have a specific section on prescription drug use in the workplace and in that employment agreement, it includes a section on medical cannabis use in the workplace. This allows me things such as not operating heavy machinery. This would allow me to have a space to use medical marijuana, a space away from other employees. To be fair, it's actually in the CEO's side office, so I have to ask the boss to get access to it. It is quite secure. It has air ventilation and

also cleanser. It has a door that I open so I can also get fresh air into the room. The employees aren't at all exposed to me, I guess is the word.

Also, part of that is I require a nap in the afternoon for about an hour and a half. Sometimes I need to reset my pain. Sometimes I can't work a full workday right through the eight. Sometimes I have to work in the evening and take the afternoon off. There are those types of issues also.

M^{me} France Gélinas: Have you had any comments from your co-workers?

Mr. Matt Mernagh: Actually, my co-workers fully support what I do. To be fair, I work for Health Canada-licensed producer now. We are licensed to produce medical cannabis. To be fair to my fellow employees, I'm one of two people in the workplace who use medical cannabis, myself and our master grower, who also would have the same agreement in his—

The Chair (Mr. Grant Crack): Just pull back a little bit.

Mr. Matt Mernagh: Sorry, sir. I work for a medical cannabis—

The Chair (Mr. Grant Crack): Just pull back a bit, please. Thank you.

Mr. Matt Mernagh: Oh. Sorry, sir. I work for a Health Canada medical-licensed producer. We are familiar with medical cannabis. I'm the only person, other than our master grower, who uses medical cannabis in the workplace. So he is also using. But it also includes that we're not allowed to share amongst each other. Those parts of the agreement are in there. It's actually very progressive, given that we are a medical cannabis place that's legal under Health Canada guidelines. It is an excellent document, and I look forward to potentially providing it to the committee in my written submission.

M^{me} France Gélinas: Do you buy from your employer or do you get it mailed to you like everybody else?

Mr. Matt Mernagh: My employer mails it to me just like everybody else, ma'am. Part of my workplace employment agreement has that my employer—it's covered under my workplace agreement, so my medical marijuana is part of my pay.

1650

M^{me} France Gélinas: And they mail it to you?

Mr. Matt Mernagh: They certainly do mail it to me, and I look forward to meeting my Canada Post woman once a week, and she looks forward to meeting me. She's a lovely lady.

M^{me} France Gélinas: Very good. Thank you.

The Chair (Mr. Grant Crack): We'll move to the government side: Mr. Fraser.

Mr. John Fraser: Thank you very much for being here today. I appreciate very much hearing your story. Congratulations on being back in the workforce and on your employer being able to accommodate your needs.

One of the challenges that faces us when we're putting forward a bill like this is that we're looking towards the public interest. I understand, in terms of an individual's interests and their ability to use that medication that they need—we do have to realize that, in the broader context,

marijuana will be approved for recreational use sometime in the not-so-distant future. That's what seems to be the direction of the federal government. So there'll be a bit more prevalence of smoking.

As you probably heard from the Canadian Cancer Society—if you were here earlier, they were here as well—there isn't a lot of evidence in terms of the positive or negative effects of second-hand smoke, whether it be shisha or whether it be marijuana. I just want to suggest that what we're trying to achieve is a balance in that bill that protects the public interest and those individuals who don't require that either as a medical need or as recreational. That's the thing that we're trying to address, the risk of second-hand smoke, some of which we know is dangerous and some of which the evidence is out on. That's the challenge: just balancing that individual and that public interest.

It is important, the work that you've done in terms of recognizing medical marijuana and that being a recognized use of that product to ensure that people with cancer, fibromyalgia—a number of diseases—get the kind of drug and treatment that they need.

Mr. Matt Mernagh: Originally, in December, the regulation was quite narrow. I think the perception in the public was that it was not narrow. It was a very narrow exemption that allowed a workplace employer or a restaurant or—you talk about the public. The public is a business owner.

Mr. John Fraser: All I can say is that it's a balance. As you did describe, with the AODA, going forward, when you take a look at that, that'll be something that obviously you'll continue to champion in terms of your experience and what you do.

That's what we have to do here. We have to balance the interests of everyone to ensure that we do the best we can to ensure no harm or to limit harm.

Mr. Matt Mernagh: Again, I think you achieved balance when you originally had a very narrow exemption allowing business owners, such as my own and others, to decide whether or not medical cannabis use would be in the workplace.

When you bring up the issue of regulation, you're going to have to establish a task force. Cannabis prohibition, I'm not sure if you're aware, touches things such as Ontario legal aid; it touches our municipalities, such as the zoning issues. You can't just expect the feds to magically wipe cannabis from the CDSA and not have any blowback.

The province has a big task ahead of it. If you want cannabis legalized within a year, you have some work to do, sir.

Mr. John Fraser: We do, and we do have work to do in regard to a number of changes in federal legislation. In all respect, we recognize and understand that.

I just wanted to give you a broader context of what, as legislators, our responsibility is to look at the public interest and balance that in the way that we can. That's why we're having a committee hearing today.

I appreciate you very much coming in and giving us your experience and your understanding and background of the issue. Thank you very much.

Mr. Matt Mernagh: Thank you, sir.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Mernagh, for coming before committee this afternoon and sharing your thoughts.

That is all for the delegations this afternoon. A reminder to all committee members that we meet on Wednesday at 4 p.m. to continue the public hearing process. I look forward to seeing you all. This meeting is adjourned.

The committee adjourned at 1655.

STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Jim McDonell (Stormont–Dundas–South Glengarry PC)

Ms. Eleanor McMahon (Burlington L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. John Fraser (Ottawa South L)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Jeff Yurek (Elgin–Middlesex–London PC)

Clerk / Greffière

Ms. Sylwia Przewdziecki

Staff / Personnel

Ms. Erin Fowler, research officer,
Research Services

CONTENTS

Monday 16 May 2016

Smoke-Free Ontario Amendment Act, 2016, Bill 178, Ms. Damerla / Loi de 2016 modifiant la Loi favorisant un Ontario sans fumée, projet de loi 178, Mme Damerla	G-1095
Ontario Lung Association	G-1095
Mr. Chris Yaccato	
Ontario Campaign for Action on Tobacco	G-1097
Mr. Michael Perley	
Gateway Newstands	G-1100
Mr. Noah Aychental	
Ontario Korean Businessmen's Association	G-1102
Mr. Don Cha	
Canadian Cancer Society, Ontario division	G-1104
Mr. Zachary Nichols	
Registered Nurses' Association of Ontario	G-1107
Ms. Andrea Baumann	
Ms. Cindy Baker-Barill	
Ontario Convenience Stores Association	G-1109
Mr. Dave Bryans	
Mr. Darrell Dorsk	G-1112
Canadian Cancer Society, National Office	G-1115
Mr. Rob Cunningham	
Mr. Matt Mernagh	G-1117



3 1761 11467380 9